

**The great space adventure:
what's in it for planet Earth?**

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inside**

Peres declares war on Hamas after 18 are killed to leave Middle East deal on brink Jerusalem bomb blasts peace plan

PATRICK COCKBURN
Jerusalem

A suicide bomber from the militant Islamic movement, Hamas, yesterday detonated 30 pounds of explosives aboard a bus in central Jerusalem, killing 18 other passengers. The attack may have struck a fatal blow to the government of Shimon Peres, the Israeli prime minister, and to peace negotiations between Israel and the Palestinians.

"I've had it with the peace process," said a shopkeeper looking at the wreckage of bus number 18 on Jerusalem's Jaffa road. "We gave the Palestinians what they said they

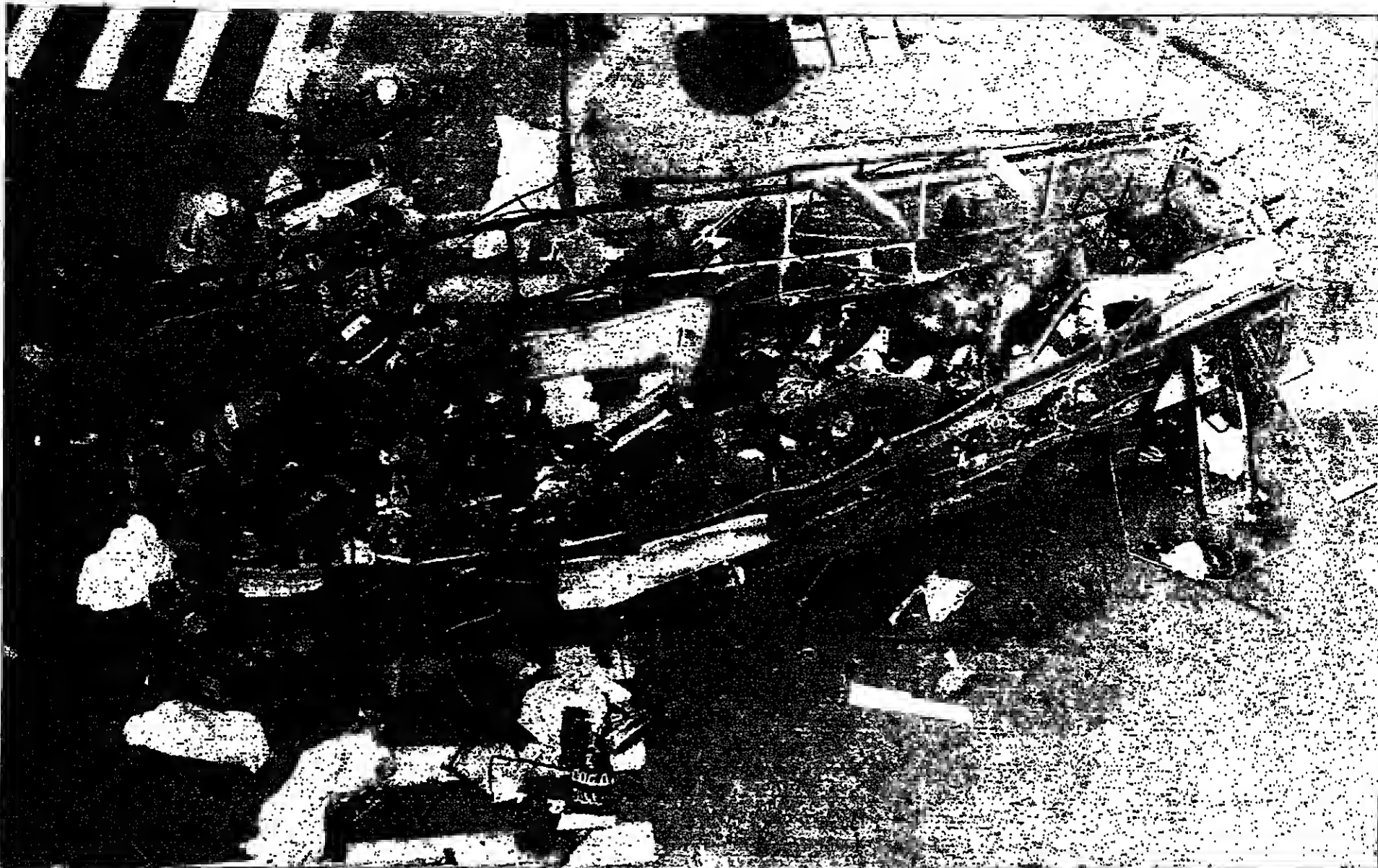
"I doubt the Israeli people will tolerate the continuance of peace with people who are either unwilling or unable to stop the killers".
— Ehud Olmert, Jerusalem's Mayor

wanted and now we have 47 dead in one week." President Ezer Weizman called on the government to halt its talks with the Palestinians.

The suicide bombing, by a Palestinian tentatively named as Islam Mohammed, 24, from Hebron, south of Jerusalem — was a carbon copy of that which took place on a bus with the same number, also on Jaffa Road, exactly a week before. The time of the explosion, at 6.25am, was only 20 minutes earlier than the first bomb.

It ripped through the red and white bus just as it passed the central post office. Only the burnt-out metal framework of the bus was left. A body was left under a white sheet as 10 wounded were rushed to hospital. Crowds shouted "do something, do something" and "Peres get out". The prime minister was jeered when he visited the site of the explosion.

Hamas claimed responsibility for the bombing in a state-



Emergency workers search the charred remains of the bus destroyed by a Hamas suicide bomber armed with 30lbs of explosives

Photograph: David Silverman/Reuters

ment to the Israeli people, saying: "We tell you calmly that neither Labour nor Likud will offer you security as long as your government uses terrorism against us and continues to arrest our people. The closure and all security measures will not prevent us from striking whenever and wherever we can."

It appears from the statement that Hamas is now split between

those who support the suicide bombing and those who believe it could destroy the Islamic movement. It says that yesterday's bomb was the attack in revenge for the assassination of Yahya Ayyash, the chief Hamas bomb-maker, killed by a booby-trapped telephone on 5 January.

Yasser Arafat, the Palestinian President, has declared the

military wings of Hamas and Islamic Jihad illegal. He said the attack was mounted "not just against Israel but against the Palestinians and the peace process".

After a cabinet meeting yesterday, Mr Peres announced an all-out war on Hamas, with measures to include \$100m spent on building fences be-

tween Palestinians and Jews and punishment of the families of bombers. He said: "We all agree to topple this organisation. We will not shy from any measure. We decided to give this war the highest and most unequivocal priority — all that we have in men, ideas and means."

It is difficult to see, however, why these measures should prove effective. The suicide

bombers require minimal equipment, training or organisation. The bomber yesterday could have walked in just five minutes from Palestinian areas in east Jerusalem to a bus stop at the beginning of the Jaffa Road and exploded his device — which was packed in nails — a single stop later. Among those who died were six Romanian workers and two Palestinians.

Mr Peres was already in deep political trouble after bombs in Jerusalem and Ashdod last week killed 25 Israelis. His 10 per cent lead in the polls, which was expected to produce a landslide in the election on 29 May, was wiped out overnight. There is also no doubt that many Israelis feel that he did not do enough to improve security in the week between the bombs.

The bombs are also killing off support for the peace process in general. Just after yesterday's explosion Ehud Olmert, the right-wing mayor of Jerusalem, whose office overlooks the spot where bus 18 was destroyed, said: "I doubt that the Israeli people will tolerate the continuance of peace with people who are either unwilling or unable to stop the killers coming from within them."

There is much anger among Israelis against Mr Arafat for failing to clamp down successfully on Hamas. Although he has arrested 300 of its members and started to confiscate arms, Israel believes that important activists walk the streets in

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Peres' election hopes shattered
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Gaza. Palestinians say many of those named are already in jail. It is also true that the two suicide bombers who blew themselves up on 25 February came from al-Fawwar refugee camp outside Hebron which is under overall Israeli control.

The attack yesterday was geared to show Israelis that the suicide bomber will always get through. The number 18 bus was carrying a security guard for the first time. The roads from the West Bank into Jerusalem were closed to Palestinians. Helicopters fly permanently overhead in Jerusalem. None the less, the attack succeeded.

Benjamin Netanyahu, the leader of the opposition Likud party, who may well be the next Israeli prime minister, yesterday proposed sending troops into Palestinian-ruled areas and deporting ringleaders. The government did not rule this out, but believes such a strategy is likely to produce more, rather than fewer suicide attacks.

NHS to sue official over 'irregular' deal

NICHOLAS TIMMINS
Public Policy Editor

A regional health authority is considering legal action against a top NHS executive seeking the return of an irregular payment of thousands of pounds made on his behalf when he was its general manager.

The relocation payment to Keith McLean, currently the chief executive of the Trent region, was one of 17 totalling £450,000 that were declared outside the health authority's powers by Sir John Bourn, the

Comptroller and Auditor General, the public spending watchdog. Last year he qualified the NHS accounts over the money, saying he took "a serious view" of the issue.

His decision led Alan Langlands, the NHS chief executive, to order an inquiry and seek recovery of the payments, telling the Northern and Yorkshire region to take disciplinary action if appropriate.

To date, one manager, David Martin, the former Yorkshire region's assistant general manager, has been reprimanded

for not taking independent legal advice. He has paid back around £20,000 advanced on his behalf to help buy out the negative equity on his home when he moved to the region.

But three other managers, including Mr McLean, and 13 doctors have so far failed to return similar payments which Sir John dubbed "irregular" and which Mr McLean said in his case involved around £15,000.

The Northern and Yorkshire region of the NHS — the successor body to the old Yorkshire region whose accounts Sir John

qualified — said at the weekend that it was still pursuing recovery of the sums, and was now considering legal action in the outstanding cases.

Mr McLean said he would "see them in court", stating he did not plan to return a payment which he had received in good faith. The British Medical Association said the consultants involved were not returning their payments on similar grounds.

The collapse in the housing market left the NHS paying interest on bridging loans on houses whose values were

falling, Mr McLean said. The health authority decided to resolve that by one-off payments to help buy out the negative equity in the homes. In his case, he said, he received about £15,000 but still took a £30,000 loss as part of the deal. It was those payments that Sir John ruled *ultra vires*.

The decision was approved during a section of a regional health authority meeting from which he excluded himself, Mr McLean said. He added that he had not been disciplined over the payment and would not be, the

Department of Health confirming that the region had decided disciplinary action against him would be "inappropriate".

Mr McLean is leaving his post at the end of the month when Trent, along with the other regions, becomes an office of the NHS Executive. He is to become a research fellow in health care management at Sheffield University, he said. "I have not been sacked."

The NHS inquiry into the former Yorkshire region has been passed to the National Audit Office.

IN BRIEF

Blair faces backlash
Tony Blair was facing a backlash from MPs after ordering his Shadow Welsh Secretary to apologise for criticising the Prince of Wales. Page 3

Spanish poll claim
The conservative Popular Party claimed victory in Spain's general elections. Page 10

Hong Kong help
John Major is due to announce that two million more Hong Kong residents will be able to visit Britain without visas after the 1997 handover. Page 2

Today's weather
There will be scattered rain, a lot of cloud and some sunshine. Section Two, page 25



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Loyalists warn of reprisals

DAVID McKITTRICK
and COLIN BROWN

The shadow of a loyalist gunman yesterday fell across the political talks which are due to get under way at Stormont near Belfast today, with ominous signs of strain within the ranks of extreme Protestant groups.

The weekend brought indications that, while loyalist paramilitary leaders do not favour a return to violence, dissent and dissatisfaction may be growing, particularly in the illegal Ulster Volunteer Force.

Northern Ireland at the moment appears poised precariously between peace and war, with no IRA ceasefire in effect but, for the moment at least, no bombs going off. A resurgence of loyalist violence would deal

a potentially fatal blow to the continuing delicate efforts to build a peace settlement.

The Stormont talks have themselves already run into difficulties, following the decision of the Ulster Unionist and Democratic Unionist parties not to attend, and with Sinn Féin protesting that it is being excluded. This morning, the Northern Ireland Secretary, Sir Patrick Mayhew, and the Irish foreign minister, Dick Spring, meet to start the ball rolling for discussions which are due to end on 13 March.

The Government has laid down that, because the IRA is not observing a ceasefire, Sinn Féin may only meet officials and not ministers. Other parties will become involved at later

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Michael Portillo: Lifting ban would be 'bad for morale'

a skewed result," said a spokeswoman for Stonewall.

Mr Portillo said lifting the ban on gays in the armed forces would be bad for discipline and morale according to the vast majority of servicemen.

The results of the MoD's long-awaited review of homosexuals in the military will come as a relief to service chiefs who have been fighting to prevent any relaxation of the ban.

Gay groups to fight forces ban

COLIN BROWN
Chief Political Correspondent

Gay rights activists last night warned the Ministry of Defence they would be going ahead with a legal challenge after Defence Secretary Michael Portillo announced the ban on gays in the armed services will stay.

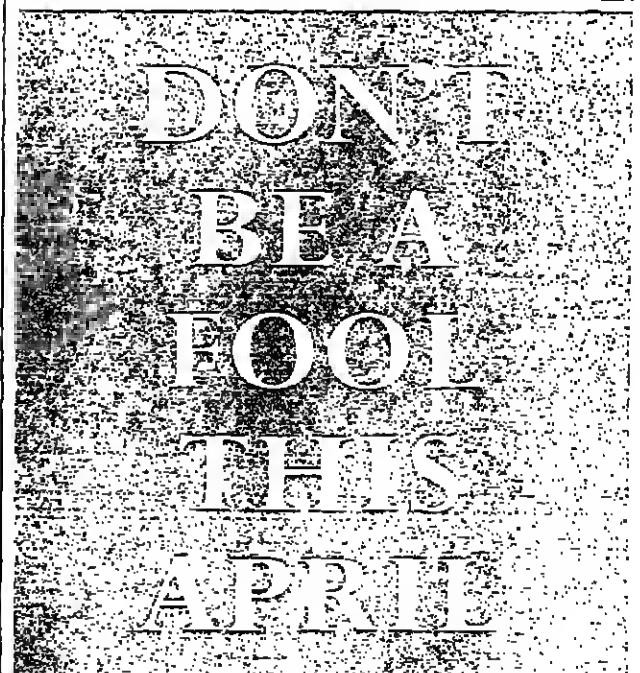
Mr Portillo said the results of a survey of the armed forces to be released today by the MoD showed overwhelming support for the ban on gays to be kept. There will be no compromise between front line troops and support services.

Stonewall, the gay rights campaign group, said it would be challenging the legal basis of the ban on gays in the services within the next six weeks with an appeal to the House of Lords.

Four gay ex-service people — former Lieutenant Commander Duncan Lustig-Presan, 36, ex-RAF Sergeant Graeme Grady, 32, ex-RAF nurse Jeanette Smith, 28, and former navy weapons engineer John Beckett, 25, are to apply for leave to go to the House of Lords. If they fail in their bid, they will go immediately to the European Court of Human Rights in Strasbourg.

Three Appeal Court judges ruled last November that the automatic ban on homosexuals serving in the forces was neither irrational nor unlawful.

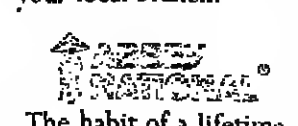
The gay rights activists dismissed the MoD survey as biased and unfair. "If you ask them whether male and female homosexuality are equally abhorrent, you are bound to get



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Countdown to 1997: Prime Minister tries to silence colony's critics by lifting restrictions on two million citizens Major offers visa deal for Hong Kong

DONALD MACINTYRE
Hong Kong

John Major last night strongly rejected charges that he was abandoning Hong Kong in its fate as he prepared to announce today that another two million Hong Kong residents will be able to visit Britain without visas after the colony's handover in 1997.

The Prime Minister, who faces sharp criticism from liberals when he meets members of the 60 strong Legislative Committee today, will announce

that the two million Hong Kong Chinese who will hold non-British "special autonomous region" passports after the handover will not require a visa to come to Britain.

The move, which will be widely welcomed in Hong Kong as well as in Peking, has been urged on ministers by the Hong Kong governor, Chris Patten. It is expected to lead to other countries granting visa free access to special passport holders and is likely to be taken up by no more than 13,000 Hong Kong citizens a year. The re-

moval of the visa restriction gives no right of residence and there is little evidence of Hong Kong citizens using visits to Britain as a back door route to illegal immigration.

Mr Major, speaking at a dinner for 150 of the colony's elite last night, took issue with critics voiced yesterday by Martin Lee, a member of LegCo and chairman of the Democratic Party, that Britain was failing "to fight for the territory's institutions" and avoiding a confrontation with China.

Mr Lee said in an article in

the *South China Morning Post* that Mr Major had "agreed to disagree" with the Chinese Premier Li Peng at their meeting last week over Peking's refusal to keep Hong Kong's Bill of Rights and elected legislative committee after 1997.

The Prime Minister told the dinner last night that it was not true that Britain was "putting Hong Kong to the back of the cupboard" and added: "We didn't agree to disagree. We just disagreed." Mr Major said the government would continue to press Peking for full imple-

mentation of the 1984 Joint Declaration which embodies democratic principles and the UN Convention of Human Rights. In his address to the legislature, Mr Major will seek to reassure Hong Kong that Britain will not cut it adrift when the takeover occurs.

Mr Patten told reporters that the Prime Minister would underline Britain's continued commitment to Hong Kong after the handover and added: "For Britain there is no greater commercial interest in East Asia than the continued success

of Hong Kong. And that commercial success is directly related to Hong Kong's decency and openness as a free and plural society under the rule of law. Undermine the rule of law and Hong Kong becomes a less successful centre and therefore Britain's commercial interests suffer as well as the quality of life in Hong Kong."

While declining to confirm that Mr Major would lift the visa restrictions today, Mr Patten pointed out that without their being lifted there was a danger

that the 400,000 visitors to Hong Kong from Britain could find they have to secure visas. Meanwhile, Mr Patten said that Mr Major would not attend any "functions which have anything to do with Conservative Party fund raising" while he was in Hong Kong. The Governor said that only one person on a list of reported Tory donors put out by the Labour Party would be at his dinner last night - Lee Ka Shing, who as one of the richest and most successful men in Hong Kong was a natural guest at the dinner.

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Patten keeps option open on leadership

DONALD MACINTYRE
Hong Kong

Chris Patten, the former Tory party chairman, yesterday fudged speculation that he could be a future candidate for the party leadership by conspicuously refusing to rule out a return to British politics after he steps down as the last Governor of Hong Kong at the end of June 1997.

In remarks which will be interpreted as preparing the ground for a possible comeback, he told British political reporters here: "I do not want to speculate on the outcome of the next election or what I would do in certain circumstances. I just make the point... I remain interested in the issues at the centre of debate in Britain and in Europe. How could I not be? I have been professionally involved in politics since I was 21."

Mr Patten, who lost his Bath seat in the 1992 General Election, took care to preface his remarks by saying it would "not be very wise" for him to speculate in his current "non-political role" on the outcome of the election or on a future career in politics. But asked if he could envisage the circumstances in which he might resume his political career, he said: "Yes... certainly. It would be unwise for me to follow that hypothesis too far. I'm not ruling anything in or anything out."

"The Governor is believed to

have made it clear to friends that he could well be interested in a British political comeback - whether or not the Tories win an election. When Mr Patten first came to Hong Kong, it was thought more likely that he might seek another post on the international stage - possibly in Europe or further afield.

While that is still possible, if Mr Major - or in the event of a defeat another leader congenial to Mr Patten - were at the head of the party, Mr Patten could well contemplate a return. And if the party were defeated in an election which did not take place until the Spring of 1997, Mr Major would only have to remain in office for a few months as leader before standing down for Mr Patten to get

the chance of standing for the leadership.

There is a widespread view in the Tory party that Sir Nicholas Scott, MP for Chelsea, recently re-elected for the new Kensington and Chelsea seat, and an old friend of Mr Patten's would be prepared to give up his seat to let him fight a by-election early in the parliament.

Mr Patten is conventionally thought to be well on the left of the party, but he startled some former colleagues last year by making a speech in London, in tune with some right-wing thinking, in which he said that Britain might need a radical rethink of its public spending and should contemplate a "shrinking state" to compete with developing Asian economies.

Mr Patten is also said by some of his friends to have come to the view that enlargement is a much higher priority for Europe than further integration, and that it is highly unlikely that a single currency could be achieved by the starting date of 1 January 1999 without an unacceptable waiving of the strict Maastricht criteria.

Such a view might well make him more acceptable to the Euro-sceptics than he was when he left London. Nevertheless, since Mr Patten would not be acceptable to the party's hard right-wing, his prospects could well depend on the factional composition of the parliamentary party after the next general election.



Chris Patten: Refuses to rule out political role



John Major meeting Chinese building workers at Hong Kong's Chep Lak Kok airport

IRA 'exploiting crime gangs'

JASON BENNETTO
Crime Correspondent

The IRA has secretly infiltrated the criminal underworld in Britain and is using its contacts to obtain equipment to carry out the current bombing campaign, anti-terrorist sources have discovered.

Professional gangs are unknowingly supplying firearms, stolen vehicles, and forged identification papers to the terror organisation. But there is evidence of a growing backlash among the criminal fraternity who are furious at being "exploited" by the IRA.

The police and MI5 are hoping this new trend could help them identify IRA units and operatives working in Britain.

This includes using their existing network of informants, but they are also trying to use the dislike of the IRA among with huge financial "rewards" to persuade underworld members to inform on the terrorists.

As an encouragement, up to £1m has already been offered for information leading to the conviction of the people who carried out the Docklands bombing in east London, in which two people died.

When the reward was announced Commander John Grieve, head of Scotland Yard's Anti-Terrorist Branch, said that it was aimed at criminal informers as well as the public. He said: "We will use every weapon given to us by the community to bring terrorists to justice. We all

know that some criminals are motivated by money and we can use that to get the information we need."

Anti-terrorist officers have found evidence of IRA members pretending to be "normal" criminals to mix with underworld groups in cities throughout the country, including Manchester, Newcastle, and Liverpool, but mainly in London. With the growing availability of guns, stolen vehicles and forged documents, including driving licences and passports, it has become safer in some cases to use established criminal services rather than the IRA running the risk of smuggling all its own materials.

This is a new trend as, traditionally, IRA units have been

very self contained and avoid contact with other organisations because of the security risk.

An intelligence source said: "We know the IRA has infiltrated the criminal infrastructure on the mainland and has been making good use of it for some time. This is obviously an area we are exploring." A different police source said: "They are exploiting the criminal-support mechanism."

Intelligence officers believe that apart from hatred of the IRA's tactics, criminals have a more practical interest in exposing suspected terrorists - they do not want the extra attention of MI5 and anti-terrorist officers that contact with the republicans brings.

Loyalist ceasefire warning

FROM FRONT PAGE
stages in the talks, which are to cover what type of election should be accompanied by a referendum, and on working out arrangements for the main all-party talks which are to begin on 10 June.

Anxiety about extreme loyalist opinion rose when a Belfast newspaper reporter was taken to meet a masked gunman who warned of a new campaign of attacks against republicans. Later, the Rev Roy Magee, a Belfast Presbyterian minister who helped negotiate the loyalist ceasefire, said he had met UVF members who said they were considering "taking action".

The Ulster Unionist leader, David Trimble, said a return to loyalist violence would be a "disaster" for the province. "There was a hint of this sort of action several months ago. Dissident elements from both the UDF and the UDA were threatening to combine. They were persuaded not to," he told BBC's *Breakfast* radio programme. "I hope this group can also be dissuaded from acting in the way that they threatened."

Billy Hutchinson, of the Progressive Unionist Party, which is close to the UVF, said he knew there were people who were "unhappy" but he believed the ceasefire would hold.

Leeson 'cashed in with tip-offs to rival traders'

STEVE BOGGAN
Chief Reporter

Singaporean investigators are examining evidence that suggests Nick Leeson may have made millions of pounds by tipping off rivals about his rogue deals.

Sources in the Far East said Leeson has been questioned in prison over "several leads" indicating that he made a killing on his losses by advising other brokers to take opposite trading positions from his own. They have already identified one New York trader who made \$700,000 on just one deal.

The investigators said yesterday that they were "sceptically curious" about a report that Leeson had salted away £23m in six German bank accounts before Barings collapsed with £850m losses. But they said they had never ruled out the possibility he benefited from the bank's collapse.

Leeson's family and his lawyer rejected *The Sunday Times* report which said a firm of US "asset hunters" had traced six bank accounts in Frankfurt, Berlin and Munich to which Leeson was a signatory. However, Ernst & Young, Bar-

ings' administrators, and Price Waterhouse, the liquidators in Singapore, said they were keeping an open mind.

According to the newspaper, the asset hunters produced a report, "Project Kestrel", which said Leeson was a sole signatory on one of the accounts and that two were in his name. It alleged they were set up by a number of German companies linked to Indonesian interests. But it fails to name the asset hunters, the companies, any co-signatories or the banks.

One Singaporean source said: "There have been many reports like this from American bounty hunters claiming to know where the Leeson missing millions are. So far, we have been tipped off about secret assets in Malaysia, South Africa and Zurich but when we check, there is nothing there."

"However, we have not ruled out the possibility he did gain from the losses by informing other traders to take opposite positions."

If Leeson did make money from linking up with an opposing trader, the Singaporeans said they would be surprised if he then deposited it in German banks using his own name.

IN BRIEF

Navy 'impounds' Belgian trawler

The captain and crew of a Belgian fishing trawler were being held for questioning in a British port last night after their vessel was "impounded" by the Royal Navy. It is believed the captain, the *Zee Duivel*, was arrested and is being questioned over a fisheries protection matter after the trawler was stopped at sea by the Royal Naval vessel HMS *Duvernay* and escorted to Dover.

A spokesman for Dover Harbour Board said last night: "It appears that there may have been a problem with some of its [the trawler's] nets. The matter should come before a court tomorrow."

Guns found on train

Police are hunting a man who jumped from a train shortly before a haul of four handguns and 40 rounds of ammunition were found on board. British Transport Police said there was no known connection between the man and the haul found at Manchester's Piccadilly station on Saturday by rail-cleaning staff, but they were keen to re-interview him. He dived through a window before the train reached Wolverhampton after a dispute with a guard who called police. The passenger was later found hiding near Wolverhampton station, questioned about his behaviour and released.

Fairground accident

Health and Safety inspectors were carrying out an investigation after four people were hurt in a fairground accident at Leigh in Greater Manchester. Police said one person suffered a back injury when a restraining bar came loose on a ride. Three other people were treated for minor injuries and shock.

Spanish bounty

Britain could be forced to pay out more than £30m to Spanish boat owners because the Government tried to ban them from United Kingdom waters. A European court ruling tomorrow is likely to give the go-ahead for a compensation claim by Spanish fishermen and companies which registered at British ports as a way of qualifying for UK fishing quotas.

Shooting charge

Jason Greasley, 26, from Sheerness, Kent, will appear before magistrates in Sittingbourne today charged with the attempted murder of a policeman. It follows a shooting incident in Sheerness early on Saturday.

Body in stream

The body of Joanne Williams, 33, a mother-of-two, was found in a stream near a public house in Bromsgrove, Hereford and Worcester, a day after she was reported missing from her home in nearby Redditch.

Lucky strike

Two tickets scooped £5.2 million each in this week's National Lottery draw. The winning numbers were: 9, 11, 12, 24, 41, 45, and the bonus was 6.

Take That goes top

The pop band Take That's final single has gone straight to the top of the BBC charts. The remake of the Bee Gees' hit single, "How Deep Is Your Love", which was out-selling rivals such as Boyzone by more than five to one last week, yesterday knocked BritPop stars Oasis off the No 1 slot.

THE INDEPENDENT ABROAD

Austria	£3.90	Norway	£5.00
Belgium	£3.90	Portugal	£4.50
Canada	£4.50	Spain	£4.50
Czechia	£2.20	Sweden	£4.50
Denmark	£4.18	Switzerland	£4.50
France	£4.18	USA	£4.50
Germany	£4.18		
Greece	£4.18		
Italy	£4.18		
Japan	£4.18		
Latvia	£4.18		
Lithuania	£4.18		
Malta	£4.18		
Netherlands	£4.18		
Poland	£4.18		
Republic of Ireland	£4.18		
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Taiwan	£4.18		
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Rock-solid effort as volunteers clean up



Dirty work: Volunteers cleaning oil off rocks at Tenby yesterday as locals joined the operation to tackle pollution from the 'Sea Empress' disaster Photograph: Rob Stratton

JOJO MOYES

Volunteers spent yesterday scrubbing oil from the rocks at Tenby while adults and children prepared to hold a candlelight vigil along the West Wales coastline to express "grief and abandonment" following the Sea Empress oil disaster at Milford Haven.

The cleaning operation began on Saturday and was expected to last all week. By yesterday 70 volunteers, using cleaning materials and overalls donated by Texaco, had managed to tackle a large part of the

badly-hit Tenby beach. Maureen Ward, the mayor of Tenby, who organised the clean-up, said many local people had wanted to do something but had initially been forbidden to help with the oil removal.

"I understand the joint response committee saying 'you can't go there because of insurance and health and safety', but as long as they're all aware that they're doing it at their own risk then I thought we should help," she said yesterday.

"There were no problems at all. A lot of people said it made them feel like they were doing

something. Many people are coming down tomorrow."

Meanwhile, hundreds of people were expected to line the Pembrokeshire coastline from 5pm yesterday in a candlelit vigil for their damaged environment. Organiser Brigitte Osborne, a French tutor, said the protest was "unofficial and unpolitical" but aimed at giving people a chance to express their sadness and offer comfort through solidarity.

"It's also about bearing witness to this unthinkable tragedy. Seeing it in pictures or on the television is nothing like actu-

ally witnessing it," she said. "We want to explain to children so nobody forgets. It's still very real for us but already people are feeling so abandoned."

She said people outside the area had not acknowledged the depth of feeling caused in West Wales by the oil disaster. "There is tremendous grief at the loss of not just their livelihood but the damage to the environment. The destruction is just extraordinary," Ms Osborne said.

"I've never done anything like this before but I just witnessed so many people crying and I felt it was a way to give comfort.

People are feeling abandoned by the Government and totally disillusioned. They are saying if it had happened on the South coast then this would be completely different."

Meanwhile, the threat of industrial action at the oil port of Milford Haven has subsided after plans to suspend the pilot at the centre of the Sea Empress disaster were apparently withdrawn. Michael Hyslop, the head of the port authority, denied there had been any plans for suspension.

Labour MP Nick Ainger said that following an attempt to sus-

pend John Pearn, the pilot on the tanker when it ran aground, the port's 12 pilots had threatened to walk out.

"The threat of industrial action was very real until the threat against the pilot was withdrawn," said Mr Ainger yesterday. "His colleagues reacted and said that if disciplinary action began before the inquiry was completed then they will take industrial action and close the port."

Mr Ainger, MP for Pembroke, said there was little confidence in the inquiry as it was not considered independent.

Blair faces backlash over royal apology

COLIN BROWN
Chief Political Correspondent

Tony Blair was facing a backlash from Labour MPs after ordering an apology to Prince Charles from his Shadow Welsh Secretary over criticism of the Prince of Wales.

MPs urged the Labour leader to allow an open debate on the monarchy following the abject apology issued by Ron Davies for saying Prince Charles was not fit to be King.

The appeals for a debate about a republic were joined by a senior Tory backbench MP who called for a "Grand Remonstrance" to tell the Royal Family its behaviour was "demeaning".

The former diplomat George Walden, Tory MP for Buckingham, broke ranks to come to the aid of Mr Davies. In an astonishing side-swipe at the Prime Minister, Mr Walden accused John Major of "low-life politics", for leading demands that Mr Blair sack Mr Davies.

"When you think of all these sordid money deals, when you think of all these blabbing lovers, these duchesses and princesses—are we supposed to defer to these people?" Mr Walden asked.

"I think it would very nice—in an ideal world—if the Government and Opposition could get together and send a message from the House of Commons to the Royal Family—a Grand Remonstrance, suitably delicately phrased—that you are actually demeaning yourselves and this country," Mr Walden said.

He said the Prime Minister's call for Mr Davies to be sacked was "deeply undignified and silly. I think it is an example of low-life politics with which people out there are becoming increasingly disillusioned."

Sources close to the Labour leader denied Mr Blair was trying to snuff debate about the monarchy. "Ron apologised

because he made some personal comments about the Prince of Wales talking to vegetables, and allowing his children to kill wild animals, which were thought not really appropriate," a Labour source said.

Nick Ainger, Labour MP for Pembroke, said the future of the Royal Family should not only be debated by Labour's hard left, but by the whole country.

"We seem to be afraid of tackling these issues. It is quite fundamental to our constitution whether the head of state should be elected or they should be appointed on a hereditary principle," he said.

Paul Flynn, MP for Newport West, said the job should not be left to "the accidents of birth". Llewellyn Smith, Labour MP for Blaenau Gwent, said: "People increasingly see that it is indeed an anachronism."

Senior Labour Party figures close to Mr Blair privately admit they are republicans, but official Labour policy makes it clear Labour supports a monarchy. Labour leaders have raised the prospect of a "slimmed down" Monarchy, but all the main parties believe a pledge to replace the Queen with a President would be a vote loser.



Walden: 'Royal family is demeaning the country'

Fraud inquiry after arrest of Royal Academy official

REBECCA FOWLER

A fraud inquiry has been launched into the finances of the Royal Academy, the 228-year-old home of Britain's greatest artists, which has a turnover of £14m a year, following the arrest of Trevor Clark, the bursar.

Mr Clark, 43, who was arrested and released on bail three weeks ago, has been questioned by Scotland Yard over allegations of theft spanning five years. A High Court writ for fraud has also been issued against him by the Academy.

The Academy, whose prestigious membership is made up of 80 academics, painters, engravers and sculptors, attracts hundreds of thousands of

visitors each year. But it has no public subsidy, relying on income from exhibitions, and occasional sales of its treasures, to survive.

A Scotland Yard spokeswoman confirmed yesterday that an investigation was taking place. "We are investigating the alleged theft of an amount of money from between 1991 and 1995, reported to the police on 24 January," she said.

The Academy dismissed reports that the sum being investigated ran into hundreds of thousands of pounds as "speculation." Piers Rodgers, secretary of the Academy, said: "We picked up irregularities in the course of our normal checks into the accounts, and we are

currently undertaking our own investigation, separately from the police."

He added: "It's very upsetting for everyone. The Academy is a small group of people who know each other pretty well. But none of this is going to affect the programme of the Academy in any way at all, and we hope to recover any funds that have been lost."

The police inquiry is expected to concentrate on the Academy's main trading account for exhibitions. In the last five years it has had some of its most successful shows, including a Monet exhibition in 1991, and a major exhibition of African art last year, which drew in almost 1 million people between them.

Mr Clark, who took on the position of bursar in 1979, was reportedly unavailable to comment on the inquiry last weekend at his Hertfordshire home. "There may be a time when I can put my side, but until my solicitors allow me to, I won't," he is understood to have said.

Last year's financial figures for the Academy are not available, but are understood to be "very much better" than the accounts for the previous year, when the Academy lost £647,000, even though attendances were up.

The loss was attributed to a fall in corporate sponsorship, and Mr Rodgers said it was not connected to the alleged fraud.

Tape reveals Macmillan's agony over destroying wife's love letters

COLIN BROWN

The existence of a tape recording of Harold Macmillan and Bob Boothby discussing Boothby's affair with Macmillan's wife, Lady Dorothy, has been disclosed by a former Conservative MP.

The tape recording was made accidentally by Boothby's wife. In it, the former prime minister and her husband discuss Lady Dorothy Macmillan, who had a child by Boothby.

Macmillan, later awarded a peerage by Baroness Thatcher, describes in the recording how he destroyed Boothby's love letters in his wife after her death. Its existence was uncovered by Robert Rhodes James, the former MP for Cambridge and a distinguished writer, when he was researching for his biography of Boothby.

"I have heard the recording and it's rather a eerie thing," Macmillan describes how he destroyed Bob's letters to Dorothy. Mr Rhodes James says in a BBC 2 documentary on the Macmillans' marriage, which was torn by the affair.



Harold Macmillan with his wife, Lady Dorothy, and (right) her lover, Bob Boothby

"He had an outside incinerator and he didn't know how to work it. He piled all the letters in the incinerator and the wind got up. Suddenly, the letters were flying all round the garden, and he was chasing them," Mr Rhodes James said.

"One has this picture of this retired statesman rushing around and trying to capture and burn the letters of his wife's lover."

Macmillan's last words on the tape were "And so it all ended..." Boothby then added: "And so it ended." Macmillan outlived Lady Dorothy, who was the daughter of the Duke of Devonshire, by 20 years.

The programme, which is part of a series called *Reputations*, argues that the former prime minister's personal unhappiness at being cuckolded by Boothby, to whom he gave

a peerage when he was in office, greatly intensified his political ambitions.

It suggests he might never have risen to the leadership if the affair had not happened. The programme also portrays Macmillan as a scheming liar when he prevented Rab Butler from winning the Tory party leadership. The picture is at odds with his affable "never-had-it-so-good" image.

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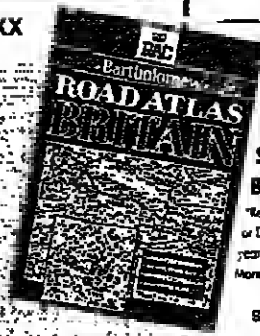
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news

Scots taste the high life as ban on salmon 'caviar' is lifted

JOHN ARLIDGE
Scotland Correspondent

A 128-year-old law has been repealed to allow Scottish salmon farmers to start selling their own version of caviar - salmon roe.

The law which forced fish farmers to throw away the eggs of their young salmon produce was introduced after pressure from the landed gentry because poachers were using the eggs as bait to catch wild fish from the salmon-rich Tay and Tweed.

As recently as 1994 a supermarket in Edinburgh was ordered to remove tins of Norwegian salmon roe from its shelves after the wife of Scotland's salmon ban lifted spotted the illegal goods while shopping. But intense lobbying from an industry which each year sells more than 70,000 tons of fish worth £250m has forced the change.

By August, when salmon begin to produce eggs, fish farmers will process the roe, tin it, and the new British delicacy will take its place alongside the finest Russian Beluga in Harrods, Fortnum and Masons and



Insider trading: the roe that can now be legally sold

delicatessen around the country in time for Christmas. A 250g tin will cost around £12.

Whether Britons will enjoy the new luxury food is unclear.

Salmon farmer Alastair Barge says the roe reminds him of the cod liver oil his mother gave him. But restaurants are already showing interest and Mr Barge

has taken orders from Japan, where consumers eat more than 10,000 tons of roe each year. "So far the market prospects look promising," he said.

William Crowe, chief executive of the Scottish Salmon Growers' Association, agrees. He believes the Scots caviar market could be worth up to £15m a year. "Norwegian and Japanese roe sell widely across the world and, with its good name, Scottish salmon will sell, too," he said.

"It is crazy that it has taken so long for fish farmers, who make the highest quality smoked salmon, to be able to sell this premium by-product."

Salmon-smokers and chefs argue that few people will follow Russian diners and eat the eggs with brown bread and lemon vodka. The roe is more likely to be used as a garnish on fish, shellfish and in salads.

Robert Campbell-Preston, of the Highland Inverawe Smokehouse, said: "Salmon caviar is delicious. Add a good dollop on an oyster and it has a terrific effect." Mr Barge hopes it will do the same for his business.



Clean catch: Fish farm worker Douglas Forrest nets an Atlantic salmon at Loch Fyne. Photographs: Colin McPherson.

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Insecurity over jobs 'rife in UK workforce'

COLIN BROWN
Chief Political Correspondent

Nearly 9 million people - one in four of the working population - have had a taste of unemployment since the last general election, according to figures issued by the Labour Party. "Job insecurity stalks the land," Gordon Brown, the shadow Chancellor, said.

Mr Brown said the figures showed why the Government has been unable to revive the "feel-good" factor. They were released to pre-empt an upbeat message in a Commons debate on the economy today led by the Chancellor, Kenneth Clarke, who has called the prospects for a revival in the economy and the housing market, with low interest rates and low inflation, highlighted in the *Independent* on Saturday.

But Labour said the analysis by the House of Commons library, using Central Statistical Office figures showed that job insecurity was rife. The survey used the CSO's computer-based data for the first time. It has tracked a 5 per cent sample of National Insurance numbers since 1982 to show the length between spells of unemployment and the number of times a person has been jobless. The survey shows that one in three men and one in five women suffered at least one period of unemployment since 1992.

A total of 8.7 million people have experienced at least one period of unemployment since 1992. A total of 10 million have suffered unemployment since 1990, when John Major took office. Half of all people who are currently unemployed were in their last job for less than a year. A quarter of all unemployed men have suffered five or more terms of unemployment during

the last 10 years. Mr Brown, who will be presenting the figures today at a Labour conference on women, with Tony Blair, the party leader, said the findings would be the backdrop for the general election.

"Job insecurity is so widespread, the Chancellor cannot claim that the housing market or the consumer market is moving forward in the way that it should be. The extent of job insecurity is going to be a central feature of the general election."

Misery league

Region	Total
London	1,400,260
South-east	1,397,200
South-west	889,060
West Midlands	709,080
East Midlands	614,680
North	582,140
North-east	775,900
Yorkshire and the Humber	701,020
North-west	498,880
Wales	419,640
Scotland	821,240
Great Britain	8,725,100

Source: CSO. Figures for 1992-93. Figures for Scotland are based on 1991 census data.

It is suffered right across all social groups, all professions and manual occupations. He claimed ministers have been sitting on the data and refusing to release it, because they were embarrassed at the findings. In London, a total of 1.4 million people have experienced at least one period of unemployment since 1992. The figure for the rest of the South-east region is an additional 1.3 million. The total for the North-west has also topped 1 million.

Mr Clarke, meanwhile, is resisting pressure from Eurosceptic Tory MPs to announce a referendum on a single European currency in a government White Paper on 11 March on the inter-governmental conference on the future of Europe.

Thai inquiry over woman's arrest

LOUISE JURY

Authorities in Thailand have started investigating a claim by a 35-year-old British woman who says she had to pay more than £5,000 to Thai police over a trumped-up drugs charge.

British police this week finished taking statements from Shirley Cook, a grandmother from Ealing, West London, who claims she was falsely arrested and beaten up by police in Thailand while on holiday last year. The statements are to be passed via Interpol to the Thai authorities for investigation.

Mrs Cook says she won her freedom after five days in jail only by pleading guilty and paying what the police demanded. She insists she was innocent of possessing any drugs. Her anger at her detention has been fuelled by the discovery that the actual fine for the offence was just £25.

Both the Foreign Office and Thai officials have promised to investigate. Mrs Cook said yesterday:

"I'm pleased something seems to be happening at last and they seem to be taking this seriously. I'm hoping that they will get to the bottom of what actually happened so that nobody has to go through what I went through. Her ordeal began on the last night of a two-week trip with Air-tours, one of Britain's biggest travel firms, to Thailand last November when she and her husband were sitting at a bar in Patong, northern Thailand.

They were arrested and searched at the police station. Police produced a small amount of hashish which they claimed to have found on Mrs Cook.

She spent five days in jail before appearing in court. Mr Cook returned to Britain to raise the money demanded by police for his wife's release. Back in Britain Mrs Cook was able to have an entry in her passport translated and realised she had been fined £25. She believes she was framed by the police and should not have had to pay for her freedom.

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هكذا من الأفضل

South Wales makes its valleys green again

MICHAEL PRESTAGE

The remote and tranquil landscape of the South Wales valleys, which was transformed by the ravages of the Industrial Revolution, is slowly being restored. The latest phase will be a 480km network of parks to complete the "greening of the valleys" at a cost of £88m.

The idea of turning the scarred landscape into an environmental asset for both the local communities and potential investors is not new.

It was a process started in 1966 after the Aberfan landslide disaster in which 116 children and 28 adults died. The latest initiative will continue that work into the 21st century.

And while outside Wales there may persist a perception that the valleys are all slag heaps and colliery winding gear the reality is different.

"Anybody who has lived in the South Wales valleys for the past 20 years will have been aware of the massive transition

that is visible when you travel around" said Gordon Hall, deputy planning officer with Mid-Glamorgan County Council. "The importance of the Valley Parks scheme is that it will bring everything together and link what has gone before. With this money a lot can be achieved over a short space of time."

It is hoped to restore the natural beauty of the river valleys and create a series of footpaths, cycleways and bridleways. Riverside habitats will be improved and flora and fauna encouraged to return.

Already the Welsh Development Agency, which took on the role from the Welsh Office in 1976, has reclaimed 7,000 acres of the worst sites and has spent around £200m. Rivers like the Taff and Afan, which were once so polluted no fish could survive, now boast salmon. The WDA currently has 40 projects under way to restore 3,000 acres of former industrial land.

An example of what can be

achieved is the former steel town of Merthyr Tydfil, where reclamation and landscaping is underway. But not at the expense of the town's industrial heritage whose key sites are being preserved.

The river Taff now boasts a trail stretching 70 miles from Cardiff Bay to the Brecon Beacons that takes advantage of disused railway tracks and the course of the now dry bed of the Merthyr to Cardiff Canal. Similar initiatives are planned in other valleys.

Gwyn Griffiths, for the WDA, said: "A process that started after Aberfan for safety reasons was then seen as an opportunity to create space for new jobs."

"Over the last decade we have gone further and environmental improvements and reclamation are seen as the first step in a regeneration process that involves creating communities that can survive with jobs, a good environment and a good quality of life."

Former glory: A reclamation project in the Garw valley. More than £200m has already been spent on South Wales's worst sites. Photograph: Rob Stratton

Elderly get insurance deal to beat care costs

COLIN BROWN
Chief Political Correspondent

A Government Green Paper is to be published before Easter to tackle the row over the elderly being forced to sell their homes to get state aid for their long-term care, Peter Lilley, the Social Security Secretary, said yesterday.

The consultation document will include a "partnership scheme" under which the elderly will be allowed to keep more of their assets, providing they take out insurance for long-term care.

Mr Lilley said that under the scheme, if they insured for long-term care costing up to £50,000, they would be allowed to keep assets worth up to £50,000 in addition to their current state allowance of £16,000 on capital, before they would be required to contribute to the cost of their care. The premiums could cost about £10,000 spread over a number of years, he said.

Ministers are hoping the scheme will answer growing unrest among Tory voters at the way in which the elderly are required to sell homes to qualify for state support for their long-term care.

The elderly could insure their long-term care for a fixed amount of care - say £50,000 or two years, Mr Lilley said. "If they stay longer than that and

haven't got insurance care after that, then they will be able to protect that amount of assets on top of their £16,000. If they are drawn down to that level, they would get help much earlier than would otherwise be the case."

Some senior Conservatives believe the current rules work against the party's policies for wealth creation and passing it down to the family. However, ministers have been forced to keep limits because of the spiralling cost of coping with people who are living longer.

There are fears that the switch to insurance-based long-term care will be made compulsory. But Mr Lilley said: "If we possibly can, I would like to see us relying on a voluntary system rather than compulsion. I never say never about anything but I am starting on the presumption that we will do it as a voluntary process."

The Chancellor, Kenneth Clarke, doubled the savings limit from £8,000 in the Budget last year, but many Tory MPs warned it was not enough to defuse the protests they were facing in their constituencies.

Harriet Harman, the Labour's health spokesman, found evidence in Government documents placed in the Commons library that some elderly people appeared to be under pressure by their homes to leave within a matter of weeks.

Hurd to press Japanese over PoW damages

WILL BENNETT

Douglas Hurd, who resigned as Foreign Secretary last year, is to press the Japanese government to pay former Allied prisoners compensation for the brutal treatment they suffered during the Second World War.

He will meet government representatives during a forthcoming business trip to Japan and use the contacts and diplomatic knowledge he acquired as Foreign Secretary to argue the ex-prisoners' case.

Seven former prisoners of war and civilian internees are seeking £14,000 compensation each and an apology in an unprecedented legal action in the Japanese courts. They are representing 22,000 ex-prisoners from Britain, Australia, New Zealand and the United States.

Mr Hurd, now free of the diplomatic restraints imposed by office, recently met Arthur Titherington, one of the plaintiffs, who lives in his constituency - Witney in Oxfordshire.

He told Mr Titherington, 74, secretary of the Japanese Labour Camp Survivors Association, that he was sympathetic to the case of the former

prisoners and would do what he can to help them get compensation.

Mr Hurd said: "I told him that I am interested in the case and that when I have occasion to visit Japan I would pursue the point. I think that there are ways of making progress on this and I will continue to press this."

Mr Titherington, who spent three and a half years in a Japanese labour camp, said Mr Hurd had visited him at home to discuss the case. "We talked about our claim for reparations or compensation and he said that he would see what he could do to help. I have known all along that he has been sympathetic to the fact that morally we have a case-iron case."

Last year, Mr Titherington told Tokyo District Court that he was regularly beaten and tortured when he was forced to work as a miner. Of more than 500 Allied prisoners who in 1942 entered the camp where he was held only 100 were still alive at the end of the war.

Under a treaty signed in 1951, former prisoners of the Japanese were given £76 compensation each, equivalent to about £1,000 today.

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international

Hamas suicide attack: Far-right calls for revenge after two identical bus blasts in eight days put peace process in jeopardy

Second bomb shatters Peres' election hopes

PATRICK COCKBURN
Jerusalem

The bomb went off with a dull crump moments before 6.30am. Hamas had just declared a week-long truce so for a few seconds another suicide attack seemed unlikely. Then I heard the sound of sirens as police cars converged on a stretch of Jaffa Road 200yds from my apartment.

As I walked towards where the bomb appeared to have gone off I saw the tall figure of Lars Petersen, a Danish radio journalist, who shouted: "It's worse than last time." Just down the road I could see the blackened skeleton of a bus outside a flower shop where I bought some tulips the day before. With its roof blown off and its sides ripped out, it looked exactly like the bus destroyed by a suicide bomber half a mile further along the Jaffa Road a week before.

By now Israeli radio said there were at least 10 dead. Looking at the wreckage of the bus, with only a small strip of its red-and-white paint surviving, it seemed unlikely that anybody could have got out alive. A soldier had thrown a white sheet over one body lying on the ground. A man in a skull cap and wearing white surgical gloves was staring, appalled, at a piece of bone with some flesh attached which was lying in the gutter.

The suicide bomber detonated his explosives, which

killed him and 18 fellow passengers, just as his number 18 passed the central post office, travelling down Jaffa Road away from the old city of Jerusalem. He may have just boarded the bus one stop before, which is only a few minutes walk from Palestinian districts in East Jerusalem. The bus appeared to have gone on moving after it exploded, because the shops 20yds behind it were the worst damaged.

It was a carbon copy of the suicide attack which had killed 25 people six stops further along Jaffa Road the Sunday before. The only difference was that yesterday's bomb exploded about 15 minutes earlier. To show that there is no defence against a man who is prepared to kill himself, the bomber later named as Islam Mohammed, 24, from Hebron — had boarded the same number bus which comes from Katamon district in Jerusalem. The security guard on board — 800 are being hired — and the sealing off of Jerusalem from the West Bank had made no difference.

The devastating political impact of the second bus bomb on Shimon Peres, the Prime Minister, was immediately evident. Some ultra-orthodox Jews from the nearby Mea She'arim district were shouting: "Peres get out. We don't want you. Ordinary passers-by were also angry. One man kept shouting: "Do something. Do something."

When Mr Peres arrived he was greeted with jeers. He had

said after last week's bomb that peace, like war, had its sacrifices. Now this was thrown back at him, as people shouted: "We don't want any more sacrifices for peace." More threatening was a voice in the crowd which kept shouting "Yigal Amir, Yigal Amir" — the name of the assassin of Yitzhak Rabin.

Ehud Olmert, the right wing mayor of Jerusalem, whose offices overlook where the bomb went off, arrived at the scene. He gave the latest casualty figures, but refused to discuss the political effect of what had happened. He did not really need to. Mr Peres and Labour, who appeared assured of a landslide two weeks ago, are now likely to lose the election on 29 May. "I've had it with peace," said the owner of a burnt out bus. "We gave the Palestinians what they said they wanted and now we have 47 dead in one week. So who needs the peace process?"

Only a month ago polls were showing that a record 59 per cent of Israelis approved of the Oslo accords. The right-wing Likud party was trying to think of ways of pulling back from its outright opposition to agreement with the Palestinians. This was why Mr Peres decided that Labour should go to the polls six months early. It is a decision he must now regret. Visitors who have seen him in private in recent days say he is distraught and exhausted. He shows people an encouraging fax from a 10-year-old girl saying the peace process is bound to have setbacks.

Ari Rosenberg, a religious Jew who owns a toy shop, outside which crowds were shouting for Mr Peres to resign, said: "This is not the way. We should not be so impulsive. Arafat [the PLO leader] will have to do something, or Israelis will abandon Peres. He will have to get rid of Hamas or there won't be peace."

Yasser Arafat's round up of the usual suspects in Gaza and the West Bank last week had not impressed Mr Rosenberg or, indeed, many other Israelis. Yet he could see that permanent



Grim search: Ultra-orthodox Jews sift wreckage for remains of victims of yesterday's bomb attack in Jerusalem Photograph: David Silverman/Reuters

closure of the West Bank and Gaza from Israel "has its good and bad side. Maybe it will protect us a little, but if you have a real peace, you must live with people."

Standing in the street in the rain, Yehuda Hadar, a grizzled 47-year-old, had a more direct approach. Asked how he would stop suicide bombs he said he would agree with General Rehavam Ze'evi, leader of the far-right Mokedet party, who said that every time a bus is blown up here we should blow up two buses in Nablus and Jenin [in the West Bank]. Mr Hadar hesitated after repeating this suggestion, saying it was against Jewish morality, but he was convinced that Mr Arafat had outwitted the Israeli government and was the hidden hand behind the bombings.

Mr Hadar may be an extreme

example, but most Israelis feel that Mr Arafat could and should have done more. "Do you know about the attempted attack by five Hamas men on the settlement at Gush Katif near Gaza?" Mr Hadar asked. "Why didn't Arafat stop that?" He repeated a story that Mr Arafat had secretly told Arab diplomats that he would make life "so miserable for the Jews that they would leave Israel of their own accord". Arabs, he added, were naturally duplicitous and liked killing.

The problem is that nobody knows how to stop a suicide bomber. Mr Hadar suggested deporting their families and blowing up their houses. These were Israeli methods in the past, but are unlikely to deter somebody prepared to die. Nor are more stringent security measures likely to help. Closure

of the roads into Jerusalem stops Palestinians going to work but it is usually simple for somebody without a car to get through. The bombers of a week ago came from al-Fawwar refugee camp outside Hebron where overall security is in the hands of the Israelis.

As a fork-lift truck dragged away the remains of bus 18, there was a screech of metal as its underside scraped along the road. The small shops, which were not too badly damaged, began to reopen with surprising speed. Their owners stoically ignored the demonstrators outside. Customers also came back. In Mr Rosenberg's toy shop a woman came in to buy coloured balloons. "I opened up the shop today," said Mr Rosenberg, "so I could tell friends who phone that I am all right and to show that life still goes on."

Onward march of terrorist violence

Attacks by Muslim militants in Israel since the signing of the first Israel-PLO peace agreement in September 1993:

6 April 1994 — A Palestinian parks a car rigged with explosives next to a bus in Afula, northern Israel. Nine people are killed. Hamas claims responsibility.

13 April 1994 — A Palestinian blows himself up on a bus in the central town of Hadera. Six people are killed. Hamas claims responsibility.

19 October 1994 — A Palestinian suicide bomber kills 22 in a bus explosion in Tel Aviv. Hamas claims responsibility.

12 November 1994 — A suicide bomber in the Gaza Strip kills three Israeli soldiers and himself. Islamic Jihad claims responsibility.

25 December 1994 — A Palestinian bomber wounds 12 in a suicide attack on a commuter bus in Jerusalem. Hamas claims responsibility.

22 January 1995 — Two Palestinians blow themselves up at the Beit Lid junction in central Israel. The blast, claimed by

Islamic Jihad, kills 21 people.

9 April 1995 — Two bombers blow themselves up outside two Jewish settlements in the Gaza Strip, killing seven Israeli soldiers and an American student. Hamas and Islamic Jihad claim responsibility.

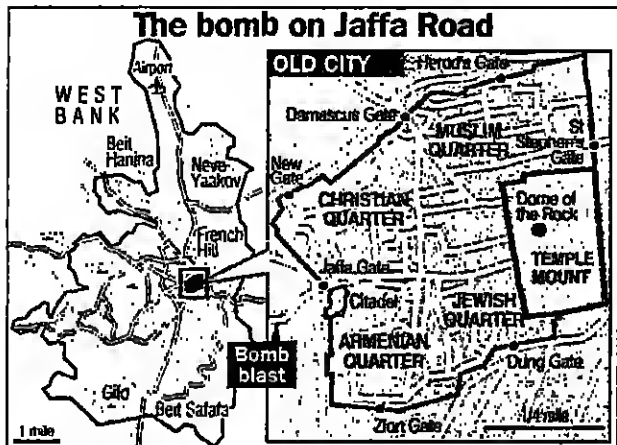
24 July 1995 — A suicide bomber blows up a commuter bus in Tel Aviv, killing six Israelis and wounding 28. Hamas claims responsibility.

21 August 1995 — A suicide bomber blows up a bus in Jerusalem, killing four Israelis and one American. Hamas claims responsibility.

25 February 1996 — Two suicide bombers, on a commuter bus in Jerusalem, and in the coastal city of Ashdod, kill 26. Hamas claims responsibility.

26 February 1996 — An Arab-American drives his car into a bus stop in Jerusalem, killing one woman. The driver was killed. Hamas claimed responsibility.

3 March 1996 — A suicide bomber kills at least 18 bus passengers in central Jerusalem. Hamas claims responsibility.



Clinton powerless to rescue peace

As it publicly condemned a "grotesque and uncivilised act of terrorism", the Clinton administration was searching somehow to prevent yesterday's deadly bomb blast on a Jerusalem bus from destroying the Israeli-Palestinian peace process in its entirety, writes Rupert Cornwell.

In a statement, President Bill Clinton expressed America's "anger and anguish at this terrible crime", and its support for the draconian measures promised by the Prime Minister Shimon Peres against the breakaway Hamas terrorist group which has claimed responsibility. "Peace-makers must be as resolute as are the destroyers of peace in acting to confront the terrorists," the White House said.

Less clear, however, is what Washington can do to halt a campaign seemingly deliberately staged to undermine the peace process, by weakening both Yas-

ser Arafat, the PLO chairman, and Mr Peres ahead of the 29 May elections in Israel, in which the right-wing Likud party, opposed to the peace process, could return to power. Indirectly Mr Clinton election chances could be at risk, if the bombings wrecked arguably his biggest foreign policy achievement.

The Secretary of State, Warren Christopher, was speaking with Mr Arafat yesterday to examine new measures the Palestinian authorities in the West Bank and Gaza Strip could take to choke off Hamas.

But apart from leaning on Egypt, Jordan and its other Arab friends in the region to give no comfort to the terrorists, there seemed little Washington could do. The administration accepts that progress towards a complete settlement between Israel and the Palestinians is probably out of the question. Indeed everything that has been achieved thus far could be at risk.

Shadowy militants exult in revenge for martyr's death

ASYA ABUL-HADI
Gaza
PATRICK COCKBURN
Jerusalem

The militant Islamic Hamas movement immediately claimed responsibility in Gaza and Jerusalem for yesterday's bombing saying it was the last attack while it waited for Israel's response to its offer of a three month truce. It said the units of "the martyr" Yahya Ayyash announce their responsibility for the martyrdom operation in the heart of Jerusalem this morning.

The suicide-bomber was named as Islam Mohammed, 24, from Hebron, south of Jerusalem, according to a PLO official. The identity of the organisation behind the three bombings in the last week remains unclear, but appears to

be cells which have split off from the Izzedine al-Qasbi military wing of Hamas.

Hamas supporters say the split took place because the political leadership did not want to avenge Ayyash, the so-called engineer assassinated with a booby-trapped mobile phone on 5 January. Its ability to strike at the same number bus — number 18 — exactly a week, almost to the minute, after its first bombings, shows those behind it are well organised.

Earlier, Yasser Arafat, the chairman of the PLO, declared that the military wing of Hamas and Islamic Jihad were illegal. He described the bombing as a "terrorist, dangerous and serious act," and said: "It is not just against Israel but against the Palestinians and the peace process. I strongly condemn who is behind the attack."

Sheikh Sayed Abo-Msameh, a prominent Hamas leader, said he was against the killing of civilians but described the attacks as retaliatory.

He said he favoured a truce, if Israel agrees to it. But in Gaza there were some Palestinians who approved of the attacks. "I'm proud of what happened, regardless of the consequences," said Abu-Ahmed, a driver. "The attack in itself will fulfil the hopes of the Palestinian people to take back Jerusalem. Hassan Ayyash, 60, was even more direct.

"The Oslo accords achieved nothing for us, as we still feel insecure. I hope three buses blow up every day," he said.

The statement issued by the shadowy organisation behind the bombings gives some idea of its aims. It says it has achieved its main aim of avenging Ayyash and will halt attacks for three

months, so that Hamas and the Israeli government can talk through the mediation of the Palestinian Authority. The truce will be cancelled if the Shin Bet, the Israeli security agency, pursues Hamas or Izzedine al-Qasbi members.

Addressing the Israeli people, the statement says: "We tell you calmly that neither Labour nor Likud will offer you security as long as your government uses terrorism against us, and continues to arrest our people. The closure and all security measures will not prevent us from striking whenever, and wherever, we want."

The statement warns "brothers" from Izzedine al-Qasbi against offering a truce, as they did last week. It says also that the Palestine Authority should stop arresting and torturing members of Hamas.

'Peace of the brave' blown to smithereens

DAVID HOROVITZ
Jerusalem

Yasser Arafat liked to call it "the peace of the brave". Only he wasn't brave enough to make it work. And yesterday, as another number 18 bus blew up in central Jerusalem, was the day that proved it.

Yitzhak Rabin used to say that he had taken "a gamble for peace" — gambling that Mr Arafat was a partner who could deliver. Yesterday, as they scraped the human flesh off the buildings on Jaffa Road again, that gamble came up empty.

A few hours after the latest Hamas suicide bomber blew up himself and 18 innocent Israelis to smithereens, Mr Arafat sent out a convoy of armoured personnel carriers into the streets of Gaza. And he spoke of his determination "to take serious steps... to prevent these awful terrorist activities."

The rhetoric was impressive. The show of force even more so.

Personal view: PLO leader blamed for failing to deal with extremists

But the sight of yet another bus reduced to mangled strips of metal spoke louder still.

Rabin was right to attempt reconciliation with the Palestinians, right to recognise that only Mr Arafat had the credibility to make it work, right to realise that unless he took a chance back in September 1993, the shift in Palestinian public sympathies from PLO moderation to Hamas viciousness would soon render Mr Arafat marginal.

The problem was that Mr Arafat wanted it all: peace with Israel, but no confrontation with the anti-peace forces among his own population.

From the spring of 1994, through to the summer of 1995, the bombers staged attack after attack inside Israel. Mr Arafat's condemnations were tardy and sometimes equivocal. But he privately assured the Rabin



In shock: Two women in Jerusalem after the bombing

government he was doing his best to counter the militants. And from late last summer, the situation calmed. So much so that when the Oslo II accord expanding Palestinian self-rule in

the West Bank was signed at the White House last September, Rabin felt able to joke lightly with Mr Arafat. Two years earlier, he had hesitated to shake the PLO leader's hand.

When Rabin was assassinated, it looked too late to change a fatal accord. And by last December, when Israeli troops left Bethlehem in time for Mr Arafat's joyous Christmas homecoming, the autonomy process seemed to have moved beyond the point of no return.

But a week ago Hamas shattered the optimism. Suicide bombers struck twice: once to devastating effect in Jerusalem, and then in Ashdod.

Now was the time for Mr Arafat to prove himself. At an extraordinary meeting, the Israeli army's chief of staff, Amnon Shahak, handed Mr Arafat a list of 15 names — the Hamas members behind the bombings. Go and get them, he demanded. Stop them before they strike again.

But Mr Arafat did not go and get them. Instead his security forces arrested hundreds of al-

leged Islamic radicals — but not one from the Israeli list.

And so when the bombers struck, it wasn't just another attack. It looked like the end of the road. Because no Israeli government, no matter how committed to co-existence, no matter how understanding of Mr Arafat's internal difficulties, can afford to leave the security of its citizens in the hands of an unresponsive "partner".

As Israel now tries to halt the bombings, it may resort to sending the army back into areas newly handed over to Mr Arafat's control. Indeed, there are those who believe Mr Arafat is secretly hoping Israel will do the job for him — take on the militants with the determination he has felt unable to display. Perhaps.

What is certain is that the confrontation will come. Mr Arafat has ducked it. And it will be all the harder, probably impossible, to find a majority of Israelis willing to trust him again.

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Howard holds back tide of history

ROBERT MILLIKEN
Sydney

The stunning general election victory of John Howard, Australia's new Prime Minister, will slow moves towards making Australia a republic — but it will not change the direction of movement.

Taking up the pro-republic momentum generated by Paul Keating, the defeated Labor prime minister, will be nowhere near the top of Mr Howard's list of priorities. The overwhelming victory by the conservative Liberal Party, headed by Mr Howard, and its National Party coalition partner means that Australia is likely to take a longer and more winding road towards a republican future.

Mr Howard, whose victory was the culmination of a 22-year political career, comes from the conservative heartland of middle Australia. He believes that Australia's Constitutional links with the British monarchy have served it well and that Mr Keating had pursued a new trade and foreign policy focus for Australia in Asia at the expense of traditional ties with Britain and the United States.

Claiming victory before cheering supporters in Sydney on Saturday, he said he would take his "emphatic mandate" of a possible 50-seat majority in parliament as a signal to change all that. "We have not been elected just to be a pale imitation of the government we're replacing," he declared.

Yet even Mr Howard, nicknamed "Honest John", has been obliged to acknowledge that the tide of history has turned public opinion in multi-cultural Australia increasingly against retaining the Queen as head of state. Opinion polls show that a majority of people, especially younger Australians, favour replacing her with an Australian president. Despite his opposition to the Keating re-



Overwhelming victory: Liberal leader John Howard acknowledges supporters' cheers in Sydney after his election win on Saturday. Photograph: Reuters

public agenda for a referendum before 2000, Mr Howard has pledged to set up a convention in 1997 to examine reforms to Australia's 19th-century written constitution, including changing the head of state.

Reiterating his pledge during the election campaign, Mr Howard said that, if a consensus on a republican model emerged from the convention, the government would put that consensus to Australians in a referendum. If there was no consensus, then the government would hold a series of non-binding plebiscites on options. "If this country is ever to become a republic," Mr Howard said, "it ought to be a unifying and unifying moment in our his-

tory, not an occasion which leaves a section of the population feeling as though they weren't properly consulted."

Even as the Labor Party reeled from its débâcle yesterday, the question of maintaining its drive towards an Australian republic was being discussed in the event that the party could return to power in 1999 after one term of coalition government. After Mr Keating announced his intention to resign as Labor leader on Saturday, party strategists and surviving MPs began closing ranks around Kim Beazley, the former Minister for Finance and former deputy prime minister, as his most likely successor. Bob Hawke, the former La-

bor prime minister whom Mr Keating unseated as party leader four years ago, described Mr Beazley as a "warm, avuncular, cuddly bloke" with great experience and a "first-class mind". Mr Beazley, a former Rhodes Scholar, was himself struggling last night to retain his constituency of Brand, in Western Australia. Asked yesterday if republicanism was a high priority for him, he replied: "It is, and it's of great importance for the country."

Republicanism, however, had little, if anything, to do with Labor's massacre at the polls on Saturday, its most shattering election defeat since 1975 when Gough Whitlam's Labor government was swamped in a

coalition landslide. After vote-counting stopped on Saturday night, Mr Keating's government appeared to have lost 30 seats. Depending on distribution of preference votes from marginal constituencies, Labor may be left with 47 seats in the 148-seat House of Representatives. Three Keating ministers lost their seats, and three more are unlikely to survive when counting resumes today.

Labor suffered a national negative voting swing of 5 per cent. In New South Wales, the most populous state, and Mr Keating's power base, the anti-Labor swing was 9 per cent. Labor reaped a backlash there from the unpopularity of the state government headed by

Bob Carr, the only remaining federal or state Labor administration in the country. Ironically, some of that backlash came from an outcry over Mr Carr's decision in January to downgrade the vice-regal role of the state governor, a decision he belatedly reversed the day before the federal election.

Mr Keating lost the election largely because, after 13 years of Labor government, his brand of "vision politics" had ceased to strike a chord with Australians who were looking for answers to more fundamental questions such as national unemployment at 8.5 per cent, and three times that figure for youth unemployment in some areas. Media battle, page 16

IN BRIEF

Sierra Leone election run-off

Freetown — Presidential elections to end military rule in Sierra Leone will go to a second round between the top two candidates after voting last Monday and Tuesday failed to produce an outright winner. Electoral commission chairman James Jonah said he would meet political parties and the head of state, Brigadier-General Julius Maada Bio, to discuss the second round. Ahmad Tejan Kabbah of the Sierra Leone People's Party polled 35.8 per cent of votes and will face John Karefa-Smart of the United National People's Party, who had 22.6 per cent. *Reuters*

Russians and Chechens in gunbattle

Moscow — Russian troops fought a fierce gunbattle with Chechen rebels after being ambushed in a village in western Chechnya, according to Russia's top military commander in Chechnya, General Vyacheslav Tikhomirov said. There were dead and wounded as a result of the fighting in Sernovodsk, about 45km (30 miles) west of Chechnya's capital, Grozny, but he gave no details of the casualties. *Reuters*

Denktash suffers heart attack

Nicosia — The Turkish Cypriot leader Rauf Denktash suffered a heart attack in the night and is in intensive care, his doctor said. "He is 72 and has never had a heart attack before," Dr Sait Kenan said. "His attack can be linked to his age, exhaustion and recent stress." Greece condemned Mr Denktash on Saturday for saying people missing since a 1974 Turkish invasion of Cyprus must be presumed dead. *Reuters*

Opposition pulls out of Iran poll

Tehran — Liberal opposition politicians said they would play no further part in campaigning for Iran's parliamentary elections. A coalition of liberal Islamists from the Iran Freedom Movement, the National Front, and individual activists said the interior ministry, which is responsible for organising next Friday's elections, rejected on Saturday the group's request for permission to hold public meetings. *Reuters*

Rock stars die in air crash

Rio de Janeiro — All five members of one of Brazil's hottest rock bands, Mamonas Assassinas, died when their private jet crashed a few miles outside Sao Paulo. The crash on Saturday killed all nine people aboard, including two assistants for the band, the pilot and co-pilot. Their Learjet hit a mountain in the Serra da Cantareira range moments after traffic control at Sao Paulo's Guarulhos Airport gave the pilot approval to begin landing operations. The cause has not been determined. *AP*

Corpse confuses sled dog race

Anchorage — The world's most famous sled dog race, the Iditarod, began on Saturday amid confusion over a corpse found in the staging area. The normal frenzy that accompanies the start of the race was complicated by a police investigation into an unrelated fatal shooting that occurred a few hours before mushers and their dogs assembled in central Anchorage. *Reuters*

Meningitis kills over 1,000 in Nigeria

Lagos — An outbreak of spinal meningitis has killed 1,273 people in northern Nigeria since January, the military government said, adding that about 20 million Nigerians living in and around Kano state could be at risk. The Ministry of Health said 9,401 people had contracted spinal meningitis in the north since January. *AP*

Moderate Turks unite

HUGH POPE
Istanbul

Turkey's two centre-right parties pledged yesterday to put aside a decade of destructive rivalry and to join a coalition government committed to a five-year programme of structural reform.

"We will disprove all the predictions of the pessimists," said the Motherland Party leader, Mesut Yilmaz, at a ceremony in the parliament building in Ankara. "We will keep all our promises."

According to the protocol, Mr Yilmaz will take this year and 1999 in a system of rotating premiership. The years 1997 and 1998 will be taken by the True Path Party leader, Tansu Ciller, with a nominee from her party becoming prime minister

in the run-up to elections in the year 2000.

"Giving up the first year of the premiership was a sacrifice I made in order to stop the [pro-Islamist] Welfare Party from coming to power," Mrs Ciller told the gathering of deputies and reporters.

The Welfare Party came first with 21 per cent of the vote in elections held on December 24. The two centre-right parties won just over 19 per cent each, resulting in 135 seats for Mrs Ciller and 126 for Mr Yilmaz.

"Our two parties have been fighting for the same votes. We think our coalition will be good for the political stability of the country, a precondition for all progress," Mrs Ciller said.

The new centre-right coalition, known as Anayol, or Mother Path, the contraction of

the Turkish names of the two parties, will, however, be relying on external support from the Democratic Left Party, led by Bulent Ecevit.

And Mr Ecevit may stand in the way of much of the "stage-by-stage, comprehensive, five-year programme of structural change" which was promised in the coalition protocol. Parliament is expected to give a vote of confidence in the new government later this week.

The pro-Islamic Welfare Party has been greatly angered by the abrupt way it was frozen out of power, and it remains the biggest and best-organised group in the Turkish parliament. If the centre-right fails to make good this time, the Islamists know they have a good chance to win power outright at the next general election.

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international

Spain faces conservative change after election day 'fiesta'

ELIZABETH NASH
Madrid

Spain's conservative Popular Party claimed victory in yesterday's general elections after exit polls showed them well ahead of the ruling Socialist party. The polls showed the PP of Jose Maria Aznar a few seats short of an absolute majority, but the party spokesman Mariano Rajoy said the PP had won a sufficient majority to govern.

A state television exit poll

gave the conservative party, which was bidding to end 15 years of Socialist rule, between 160 and 171 seats in the 350-seat parliament.

The Socialist party of Prime Minister Felipe Gonzalez was seen winning 120 to 135 seats. But a spokesman dismissed the polls as "mere studies", not to be taken at face value.

Yesterday's general election, the most decisive for 20 years, turned into something of a fiesta. Blazing spring sunshine

contributed to the festive mood and encouraged an early rush for the polling stations.

The contest, expected to bring the conservatives to power after 13 years of Socialist rule, marked a historic change of course. Only 10 years separate Mr Aznar, 43, and Mr Gonzalez, 53, but they represent different political generations. A Socialist defeat rounds off the democratic transition from Franco's dictatorship, and confirms that Spain is not very different from any other European democracy.

The choice facing 32 million Spaniards yesterday was between two men. For the first time, voters were not conditioned by fears of revolution or military revolt. That is Mr Gonzalez's achievement.

Mr Aznar is a child of the transition, one who benefited from change but did not, like Mr Gonzalez's generation, make it happen. If the Socialist victory in 1982 brought to power the

first generation not to know civil war, a conservative victory brings in the first generation not to know dictatorship. Mr Gonzalez on the campaign trail hammered away at the historic gains of his rule, the welfare state, educational opportunity, healthcare, pensions. The decline in support for him does not mean that these achievements are not valued. Spaniards accept them, criticise their shortcomings and want to move on.

Youngsters who have grown up under Mr Gonzalez do not see the silver-tongued firebrand of the 1980s, but the puffy, isolated leader of a government that has presided, steeped in scandal, over the highest rate of unemployment in Europe. Mr Aznar says he will change all that, and many, especially the young, believe him, or at least want to give him a chance. He promises clean government and jobs. Unemployment heads the list of Spaniards' worries, just as it did in 1976. But while 20 years

ago the second and third worries were prices and social inequalities, now they are political corruption and terrorism.

Mr Aznar has kept details of his programme under wraps, although he has talked of "austerity" and "efficiency" which the socialists interpret as welfare cuts and industrial streamlining. He promises a hard line against Basque terrorism. This strikes a chord, since the Socialists' record on ETA separatists includes failed peace

talks and an illegal dirty war for which a former minister is up before the Supreme Court.

Many have accepted Mr Aznar's insistence that his party represents the centre, and do not expect sweeping changes. But there may be a change in custom and style. After Franco fell, an artistic flowering and relaxation of formalities made Spain among the most tolerant countries in Europe.

Some conservatives may seek to turn back the clock.

Havana crisis: Mourners scatter flowers as Castro admits giving order to down 'martyr' pilots

Cuban exiles join hands in grief

PHIL DAVISON
Miami

One week to the hour after four fellow pilots were blown to pieces by Cuban MiG fighters, a dozen Cuban-American pilots circled the site of the shooting in small planes, prayed by radio with an accompanying priest and scattered flowers over the surging waves off Cuba in memory of their colleagues.

Those same 10-foot waves prevented a flotilla of more than 20 private cabin cruisers and fishing boats from reaching the site, 21 miles north-west of Havana, but the Cuban exiles' boats pulled up halfway between the Florida keys and Havana to sing the Cuban national anthem and toss wreaths into the sea before turning back.

As Cuban-Americans remembered the four pilots from the Brothers to the Rescue exile group, who died aboard two Cessna planes shot down the previous Saturday, Cuban leader Fidel Castro admitted he had given the order to shoot the group's planes down if they approached Cuba. He had done so after the group overflew the Havana mainland (seafloor) in January, dropping pro-democracy leaflets. "It was so humiliating," an unusually candid Mr Castro said in an interview in *Time* magazine.

But for a few radical exiles who had hoped Saturday's air and sea flotilla would spark another incident that might force the United States to take action against Cuba, most exiles expressed relief that the memorial services had passed peacefully. Mr Castro sent out gunboats to protect his waters, taking along



Shining example: Cuban-Americans sail for the spot where four pilots died, shot down by Cuban MIGs. Photograph: AP

foreign correspondents for the first time, "to tell the world the truth" should the exiles have entered Cuban waters.

The deaths of the four exiles, two of them born in the US, two in Cuba, may pale against the 1962 Cuban nuclear missile crisis in which President John F. Kennedy faced down Soviet leader Nikita Khrushchev. But it

has caused the most tension in US-Cuban relations since then and helped unite an otherwise-hickering community of 1 million Cubans in the US.

At the last minute before Saturday's flotilla set out, escorted by a dozen armed US Coast Guard cutters, six helicopters and two C-130 surveillance planes, Mr Clinton declared a

state of emergency in southern Florida to prevent boats from leaving local waters without clearance. He also moved three navy warships to within sight of the flotilla and ordered a squadron of airforce F-15 fighter planes to Key West, the closest point to Cuba. The planes sat on a runway, with engines running, throughout Saturday.

As the exiles' boats came and went from each other's view behind giant waves, many participants became seasick, others moved around deck on hands and knees and all were given a glimpse of what it was like for the tens of thousands of Cubans who fled their country on makeshift rafts. The Brothers to the Rescue group, set up to

search for refugees, saved thousands of lives but too often spotted eerily-empty rafts.

Before setting off, the group's pilots as always stood in a large circle, this time in torrential rain, joined hands and prayed. Framed photos of the four downed pilots, three of them in their 20s, were held within the chain of hands.

When they returned, the pilots overflew Miami's Orange Bowl football stadium to the cheers of at least 40,000 Cuban exiles, in a sea of Cuban and US flags, taking part in another memorial service. Washington's ambassador to the United Nations, Madeleine Albright, something of a local hero here since she pushed through an anti-Castro resolution, called the MiG pilots "cowards" and described the dead pilots as "martyrs, part of the hallowed list of Americans who died because they loved freedom and cared for their fellow human beings".

In Cuba, where the state media described the flotilla as "a counter-revolutionary show that failed", one woman staged her own memorial service on a beach outside Havana. Nancy Morales was remembering her brother Pablo, 29, one of the downed pilots, who fled from the same beach on a raft four years ago, was saved by Brothers to the Rescue pilots and later trained and flew with them out of gratitude.

As local residents gazed from dilapidated seafloor flats, Nancy Morales waded into the sea alone, carrying a Bible, tossed two bunches of flowers into the waves, and recited the 23rd Psalm.

Victory gives Dole southern comfort

RUPERT CORNWELL
Washington

With his thumping victory in South Carolina, Bob Dole may at last have put his troubles behind him and set himself on course to clinch - perhaps within the next three weeks - the Republican presidential nomination to face President Clinton this autumn.

Predictions have been a risky business in this topsy-turvy Republican contest, but suddenly everything seems set fair for Mr Dole, whose shortcomings as a campaigner will be masked by his sheer organisational strength in the packed primary schedule ahead, culminating on 26 March in California, by which time the battle may already have been decided.

With all votes counted in South Carolina, the Senate majority leader had 45 per cent, against 29 per cent for the conservative populist Pat Buchanan, and 13 per cent for Steve Forbes. Trailing in a poor fourth was the former Tennessee Governor, Lamar Alexander, with 10 per cent.

If Mr Dole was the undisputed winner, showing strength even among religious conservatives who were expected to side overwhelmingly with Mr Buchanan, the biggest loser was Mr Alexander, whose campaign is in danger of complete collapse after a string of third, fourth, and fifth-place finishes. Indeed Newt Gingrich, the House Speaker, yesterday urged him to acknowledge the inevitable and withdraw.

Mr Alexander refuses, pinning his last hopes on a strong performance in Georgia, the biggest of the eight states which hold primaries tomorrow. But there was no hiding the relief in the Republican hierarchy that after Mr Dole's early stumbles and Mr Buchanan's unnerving surge, order finally appears to be returning to the political universe.

For the first time in a month, the race looks as the party

THE US PRESIDENTIAL ELECTIONS

bosses intended it should: Bob Dole the clear front-runner and the rest struggling to keep afloat. "We need to stop chewing each other apart and concentrate on Bill Clinton," said Mr Gingrich, who is officially neutral in the struggle.

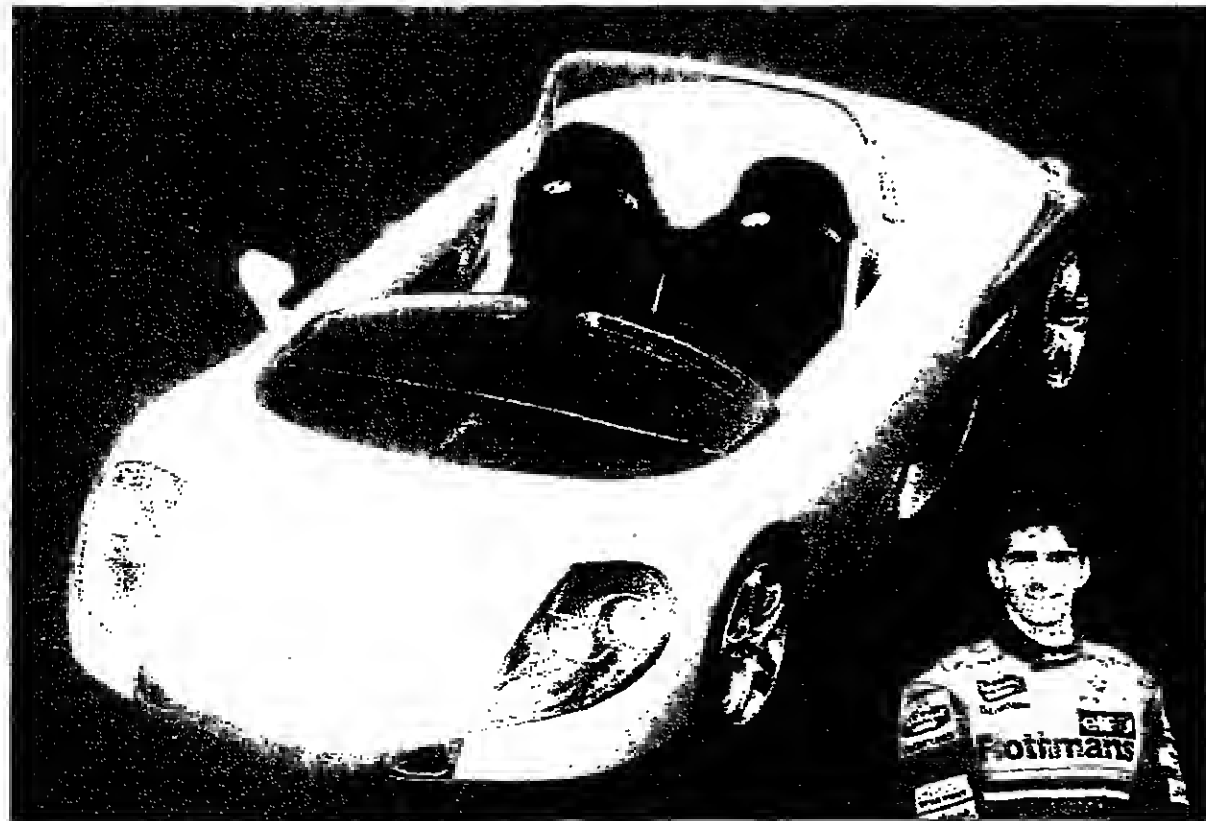
Those words will not be heeded by Mr Forbes, who will soldier on to the San Diego convention, and has the personal fortune from his publishing empire to do it. Otherwise though, South Carolina suggests that across the country, Mr Buchanan cannot expand his following beyond a core support of between 25 and 30 per cent, and that even in the "New South" of which he claims to be the natural representative, Mr Alexander is anything but irresistible.

Even so, the Dole juggernaut, reinvigorated by last week's campaign staff shake-up, could yet run off the rails this week. Tomorrow, although he looks safe in Colorado, Massachusetts and the four other New England states which are holding the so-called "Yankee Primary", he could still be upset by either Mr Buchanan or Mr Alexander in Georgia, throwing back into doubt Mr Dole's ability to sweep the South on "Super Tuesday" a week later, when 362 delegates are at stake - more than a third of the 996 needed to secure the nomination.

In the New York primary, where 102 delegates are at stake - the season's biggest prize yet - Mr Dole as usual has the backing of the Republican machine, and the party establishment from Governor George Pataki down. But Mr Forbes has cracked New York's tortuous electoral rules to get his name on the ballot across the entire state, and with the help of \$1m of late advertising could yet cause a surprise.

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TERMS AND CONDITIONS

As previously published.

Renault Spider

TOKEN 9

THE INDEPENDENT

'God of water' toes the party line in China

Li Guoan is a local hero - and that's official. The 50-year-old army officer has been launched as the 1996 model Chinese citizen. "Li is so popular among the local people that they always burst into applause when they see his jeep coming," said the *China Daily* in its introduction to Mr Li.

Few countries still have official heroes, but Chinese certainly does. So on a Tuesday morning in January, the main national newspapers published in Peking all carried lengthy front-page stories and photographs extolling the work and career of Regimental Commander Li.

Mr Li is unusual as official Chinese heroes go because he is still alive. The government generally prefers to eulogise those who have passed away, so that they cannot let the side down at some later date. The most famous model citizen was Lei Feng, a young soldier who died in 1962 at the age of 22 when a wooden pole fell on his head. It was not until the following year that his "found" diary revealed that his life had been considerably more revolutionarily correct than the manner of his death. Toiling to help China's poor, his avowed goal had been to be "a rustless screw in the machine of the revolution", the diary said.

Step forward Mr Li. In his work leading troops digging wells in the northern Chinese province of Inner Mongolia, he has been nicknamed the "God of Water" by locals. The emergence of the commander has

LOCAL HEROES: 6



Li Guoan: Official celebrity

coincided with President Jiang Zemin's new stress on "talking politics". So a soldier digging for water in Inner Mongolia can be used to make a variety of propaganda points. The stories of impoverished villages dependent on stored rainwater should, the newspapers thundered, "serve as a lesson for... officials who seek their own interests by abusing their administrative powers".

One will never know how much of the official biography is true. At the end of 1993, it is said, Mr Li was hospitalised with a serious lower-spine disease when he heard that the water-supply team was about to give up on a drought-stricken village in the Gobi desert. Despite the fact he could not really walk, he rushed to the scene and urged on the drilling team, who duly found sweet water. Since 1993, Mr Li received the equivalent of £2,500 in donations, but gave it all to good causes.

Not all have benefited from Mr Li's approach to hard work, however. In a telling admission of what makes a local hero these days in China, the official biography points out that in 1992, the army allocated an apartment to Mr Li. He, however, gave it away to his unit's political commissar, leaving his family to continue living in the crowded barracks.

TERESA POOLE

The old liberal values will not be enough in the battle between faith and secularism in a multi-cultural society, says Paul Vallely

How much intolerance can we tolerate?

Do not think it could not happen here. It already has. Indeed, in many ways we set the gruesome template. Arnold Wesker's new play *Blood Libel*, which received its premiere at Norwich Playhouse last month, tells the story, set in 12th-century England, of one of the first recorded instances of the canard that Jews sacrificed Christian children at Passover in order to obtain blood for unleavened bread. The persecutions which followed spread through medieval England, ending with the death of 150 Jews in Clifford's Tower in York. This set the pattern of segregation, persecution and expulsion which became the model for the blood libel pogroms which occurred throughout Europe over 800 years, culminating in the cataclysmic events of the Holocaust.

The events which Wesker depicts may be 800 years old, but the contours of the relationship between a majority and minority culture – separated by ritual, culture and language, yet bound together geographically and economically – remain largely unchanged in Britain today where a new majority, secularism, is eyeing up a new minority, the Muslims.

The situation raises once again the conflict between liberty and authority which, until recently, seemed to have died when the social stranglehold of religion was loosened.

The turn in that tide is not just down to Islam, although its proselytising has come to be seen as the great threat to the world of liberal pluralism. Faith is on the march elsewhere.

We read of conversions in the UK to Catholicism and even Russian Orthodox Christianity. We see the increasing reversion of God into the world of American politics. We see half-formed religious simulacra in New Age culture and in the communitarianism partially embraced by both Bill Clinton and Tony Blair in the politics of responsibility rather than rights.

The renewed tensions between the liberal and authoritarian ethics are at their starkest in the United States, reaching their epitome in the abortion debate. The authoritarians, at their most extreme, say that abortion is killing and we all have a moral obligation to prevent injustice, even to the extent of killing the abortionists. The liberals insist that everyone must be allowed to define abortion for themselves. Increasingly, there seems to be no ground on which the two groups can address one another.

The problem has now taken on a new dimension in Britain. The US may be a divided society, with the secular world view locked in constant conflict with that of conservative Christianity. But Britain is now essentially post-Christian in its dominant ethos. Existentialism has taught us each to create our own identity. That subjectivism has combined with social and economic liberalism to produce a quagmire of relativism in which all truth has become dependent on the circumstances in which we live. The rise of relativism has affected religion, too, with vibrant belief being replaced by a vague secularised Christianity with its thin gruel of shared norms of tolerance and fairness. Dispersed authority is the masterly equivocation which the Church of England has come up with to describe this celebration of the national genius for non-com-

mittal. Such equivocal pragmatism is what the English have lived by, argues the political philosopher John Gray of Jesus College, Oxford, and that is what we are moving out of because it is no longer sustainable. "This is a new situation," he says. "There is no late modern culture which has worked out how vivid forms of belief can coincide with a liberalism which has nothing left to teach. It has been hollowed out and all that remains are a few ruins of the Enlightenment and some bric-à-brac from Christianity."

In the past, the debate between liberalism and authority took place against the background of a strongly religious culture. Atheism and humanism were the shadows cast by Christianity. But now Christianity is just one voice among many and so the conflict has become multilateral rather than polar. A multicultural society has to work out entirely different ways of reconciling strongly held religious belief with the norms of liberal tolerance and fairness.

That Islam is the new bogeyman is a commonplace. The points of potential conflict between the majority and the comparatively recently arrived Muslim minority are many, but the defining battleground is education. Recently, 1,500 Muslim children were withdrawn from schools in Kirkcaldy after their parents protested that their offspring were being corrupted and confused by a multi-faith religious education syllabus. In Birmingham, most of the pupils in one school have staged a mass opt-

out from the state's official multi-faith syllabus and have chosen an Islamic one. With half a million Muslim children in British schools, the potential for increased divergence is great.

The classic answer to all this is liberalism's "anything is permitted, so long as it doesn't interfere with others". The state intrudes on the individual only to protect others from harm, and the law (formulated in line with liberal ideology) is used to set the limits of what harms other people (hence racial discrimination is illegal where religious discrimination is not). In recent centuries this liberalism, with its emphasis on freedom and tolerance, has avoided terrible religious wars and developed a high culture of science, art and learning.

In keeping with that tradition, today's liberal society looks at the spectre of multiracial conflict and rules that in a multi-ethnic society all children need two things: to have their sense of moral and spiritual values developed and to be given a greater understanding of the traditions of Britain's main cultural groupings.

The Government has decided that its two-fold aim was best fulfilled through a compulsory act of worship, which has to be of a specifically Christian character, and through a multi-faith religious education syllabus which presents all religions without value judgements.

"In this way, children can learn about beliefs and values and start to establish their own code of ethics, enriched and informed by knowing how a range of religions work," says Lesley Prior, lecturer in religious education at St Mary's University College and an RE adviser to the multi-ethnic London borough of Hounslow, outlining the received wisdom.



Muslim pupils in the classroom, of whom Arnold Wesker says: 'If you root education strongly in religion, it leads to intolerance'

Asadour Guzelian

There are, to be sure, enormous traditions in this, as John Hull, professor of religious education at the University of Birmingham, pointed out last year at the Royal Society in a devastating critique of the Department for Education's muddled policies. There are tensions between Christian worship and a non-judgemental programme of comparative religion. There are problems when members of other faiths opt out of the worship sessions which were designed to give a sense of common values to the school community.

Where secularists argue that worship should therefore be scrapped entirely, and liberals of most faiths would want to see the specifically Christian component dropped from the act of worship, the sense is growing strongly in certain significant minority sectors of society that value judgements do have to be made. Mohamed Mukadam, a parent-governor at Birchfield Primary School in Birmingham, speaks for those who feel no ambivalence – which is why he has organised the mass opt-out from a multi-faith syllabus into an Islamic one.

A former accountant with the Prudential, he became involved in education when his children first went to school. Horrified at what he saw as the materialistic secular ethos of the place in which they were to be taught, he left his job and went back to university to study education. He is now engaged on a PhD on a Koranic perspective of spiritual and moral development and is setting out to question the philosophical underpinning of the Government's multi-faith education strategy.

The traditional approach, which used Christianity to form spiritual and moral values, developed in children the ability to know right from wrong. It fostered a sense

of honesty, trustworthiness and tolerance. It gave support to family values. "So why can't we use Islam to pursue a similar approach for Muslim children now?" Mukadam argues. "There has been a direct correlation between the decline in faith and the break-up of the family, the rise in crime, drugs and violence. A return to a faith-based approach is needed."

There are many evangelical Christians and political traditionalists who agree. Their argument is that it is from the development of a spirituality that morality takes its nurture. If you move away from religious truth, then morality just becomes a way of expressing your feelings. And though most of us are no longer convinced of the truth of religion, we are still drawing on the dwindling moral capital built up by centuries of Judeo-Christian tradition.

It is not just the backwoodsmen who voice this scepticism of the multi-faith approach. The idea that you can teach religion anthropologically or as a cultural phenomenon is absurd, says Pat Walsh, a philosopher at King's College London, because it can give no basic understanding of what it means to be a believer.

And looking for the common truth behind all religions is a monstrous fudge, insists Henry Hardy of Wolfson College, Oxford. A lowest common denominator of values can only be found by reducing religious "truths" to metaphors and attenuating their power to make the incompatible seem compatible.

Liberalism is under fire from other directions, too. "Liberalism and communitarianism, which purport to supplant or improve on liberalism, are both ideologies of vagueness," insists Ted Honderich, Grote Professor of Philosophy and Logic

at University College, London. "Both get a good press but both avoid saying what distribution of things – economic, social and cultural – there should be in a good society. Both can be interpreted to justify a society of gross inequality or extreme equality."

"What liberalism has come to is a vague defence of a lot of things which relatively well-off people want and they use it to oppose poorer people who say they want something different." It avoids the hard facts which medieval churchmen such as St Thomas Aquinas faced up to when he said it was not a sin for the hungry to steal food. The essential reason why people behave badly is that they feel badly used. To obviate that you need to arrange things in a way which is tolerable to those people.

But creating an arrangement which is tolerable to all Muslims provokes fears in Arnold Wesker. "Blood Libel" is rooted in a specific historical incident, he says, "but it is a metaphor for the persuasiveness of all religious fanaticism – bible-bashers in the US South, Jewish extremists and Muslim fundamentalists. In Islam there are signs of a profound intolerance to other faiths. If you root education strongly in religion, it leads to intolerance."

Such a response raises the question of what we mean by a liberal democracy. Just what are we prepared to tolerate? Not anything. A society which will tolerate even those who reject tolerance will eventually assert its own fragmentation.

What we need to develop in a post-Christian liberalism is an undogmatic pluralism which defines the core values to which the majority subscribe and creates a climate in which the majority feels sufficiently secure to tolerate even those

whose world view they do not share. Religious convictions, where they are deeply held, cannot be privatised. They affect the real world – attitudes to education, family life, sex, and when people want to live and die. If Muslims want their own state-funded schools, there can be no principled argument against that. But should there be constraints about what can be done within them? Could teaching different curricula to boys and girls, for example, ever be acceptable?

John Gray puts it this way: "Do Muslims defend their traditions on the grounds of fairness and parity in a tolerant society? If so, we have to agree to them. But if they defend them because they are 'true', then we have to resist their claim and assert the fundamental values of liberalism. And if necessary, we have to be authoritarian in doing so."

A new British style of Islam can live happily with that, insists Mukadam. "British law and sharia law can coincide. It is only Islamic extremists who want to impose Islam on everyone. What we need is a balanced religion. If we use school to inculcate a moderate Islam, those who benefit under it will feel that the system works for their needs and will support it."

Undoubtedly there are risks involved. But the alternative would be to risk that most Muslims will drift into the moral relativism which has so ill-served the Western world since the decline of Christianity, while the minority will seek succour in fundamentalism.

Defining a post-Christian liberalism, which combines tolerance with a sense of purpose, will not be an easy task. To avoid the challenge will take us into very dangerous waters indeed.

DIARY

Drunkenness and disorder

It seems that Peter Thurnham's resignation of the Tory whip served one useful purpose last week – the hrouhaha he created arguably prevented, story of Tory lawlessness from getting much attention in the national press.

David Shaw, the Tory MP for Dover, used Parliamentary privilege to allege that some of the crew of the *Herold of Free Enterprise* ferry, which sank at Zeebrugge in on 6 March 1987, killing 193 people, were drunk.

"The procedures on board ship were a disaster," he said, "and alcoholism was rampant among the crew. In reality, the officers were not in control – extreme left-wing trade unionists were in control of the ship... People did not do their jobs because they were drunk."

Given that the ninth anniversary of the disaster is only two days away, his words have caused an outcry among the friends and relatives of the dead. One surviving crewman, Nick Delo, protesting that in the House of Commons the MP could say anything he liked and get away with it, called it "a slur which cannot go unchallenged."

Labour inevitably has taken great offence both to the reference to trade unions and to the allegations of alcoholism (they cite that the Sheen report which investigated the matter made no mention of this). Now 103 MPs have tabled an early-day motion calling for Mr Shaw's "imminent replacement".

Shaw, despite apparently having the backing of only nine of his fellow Tories, is unrepentant. "Evidence of alcoholism was found after the Sheen report was concluded," he says firmly. "I have therefore not withdrawn the statement."

Random writs

Oh dear, Random House is hard to satisfy. First the publishers had that nasty battle with Joan Collins for not writing

well enough; then they had that nasty battle with the singer Lisa Stansfield for not writing salaciously enough; now, I hear, they've been having a nasty battle with the writer William Donaldson, whose autobiography, *From Sunningdale to This*, due out this autumn, has had to be put back a year, because it is – wait for it – too risqué.

"I've just been handed a libel report that is 90 pages long," he tells me, adding proudly: "It is apparently their longest libel report ever."

People who should start worrying about what Donaldson has said about them are the actress Sarah Miles; the singer Carly Simon (above); and the ex-gangster Frankie Fraser. Donaldson, however, is very blasé. "This libel report is the funniest thing I've ever read," he says smugly. In which case perhaps Random had better publish it.

singer Carly Simon (above) and the ex-gangster Frankie Fraser. Donaldson, however, is very blasé. "This libel report is the funniest thing I've ever read," he says smugly. In which case perhaps Random had better publish it.

It is, I am told, the first show to be completely technically fool-proof. Should anything break down – lights, special effects, the automated pin-ball machine, curtains, you name it – then all the producer has to do is ring a number in Burlington, Ontario, and the whole thing can be run over the phone from a computer in Canada. "In the past," says Chris Harper, marketing manager, "if the computer in situ failed, then we would have to cancel the show. Now, we just carry on over the phone. It's incredible." Only, presumably, if the Canadian computer does not itself break down... a contingency, I discover, they appear not to have thought of.

Who's planning?

Although, as I reported last week, there is some in-fighting between Roger Daltrey and Pete Townshend over what Daltrey claims to be the "sanitisation" of the forthcoming production of The Who's musical, *Tommy*, which opens tomorrow at the West End's Shaftesbury Theatre, the band are at least patting each other on the back about one aspect of its production.

It is, I am told, the first show to be completely technically fool-proof. Should anything break down – lights, special effects, the automated pin-ball machine, curtains, you name it – then all the producer has to do is ring a number in Burlington, Ontario, and the whole thing can be run over the phone from a computer in Canada. "In the past," says Chris Harper, marketing manager, "if the computer in situ failed, then we would have to cancel the show. Now, we just carry on over the phone. It's incredible." Only, presumably, if the Canadian computer does not itself break down... a contingency, I discover, they appear not to have thought of.

Hezza's joke

I am glad to note that Michael Heseltine is speedily getting into anorak lingo for his new role as chair of the new ministerial group on Information Technology. It has been pointed out to me by Oliver Morton, the editor of *Wired* magazine, that a week ago he cracked a "binary system" joke on the BBC's *Today* programme. "No, no," he said to John Humphrys, "you are putting two and two together and coming up with 1010." (The point, according to Morton, is that 10 is the written formula for 2 in binary; but four is not 1010; it is instead 100.)

Personally I've heard funnier jokes – but in geek circles, Mr Heseltine, I'm told you are rapidly acquiring heroic status....

Great Powell debate

I would like, if I can, to put an end to Westminster's most tedious debate – how do you pronounce "Powell" – the surname shared by the two brothers, Jonathan and Charles? (The former is chief of staff to the Leader of the Opposition and pronounces it to rhyme with towel. The latter is the former foreign policy adviser to Margaret Thatcher and pronounces it Pole.)

For years the two have been content to differ, but at a cocktail party a few weeks ago the latter confused things by sticking out his hand and saying "How do you do? I'm Sir Charles Pywell..." "Really, Sir Charles," retorted the damsel, whose hand he was shaking. "Why change the pronunciation now?" "I no longer care what it is," said Maggie's man a tad wearily.

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Israelis must not vote for revenge

It is not easy to take a long-term view when confronted with the evidence of three suicide bombings in Israel in one week. But that is exactly what the Israelis and Palestinians need to do if they are to avoid destroying the achievements of peace so far. The fact that a minority of belligerent extremists can ignore the long process of peace negotiations, the law and democracy to kill innocent people, rightly inspires furious frustration and anger in the rest of the population. But both sides must take care in their response to avoid allowing the militants to derail the peace process altogether.

So far, the central protagonists in the peace process have responded to the bombings by the Islamic militant group Hamas in a measured and sensible way. Shimon Peres, the Labour prime minister, has said simply that he will continue to respect the current agreement on self-rule for the Palestinians, so long as their leader Yasser Arafat does too. And he has avoided the knee-jerk reaction of the right-wing Likud Party whose members are calling for the cessation of all contacts and negotiations with the Palestinians.

The Israeli cabinet has also agreed a series of security measures in its "war" against the terrorists. In fact, there is little any government can do to undermine the potency of a suicide bomber. Tightening security on the borders between Israeli and Palestinian areas, implementing sanctions against the families of the suicide bombers and policing bus routes are unlikely to deter those who are prepared to give up their lives for their cause. But if they help reassure anxious Israelis and dispel the worst of the anger and fear, then they will have served good purpose.

Meanwhile, Arafat's first response from the West Bank and Gaza Strip is also welcome. For the first time, the Palestinian president has outlawed the military wings of Islamic movements in the areas he controls. To be fair, the first two suicide bombers, both members of Hamas, came

from the refugee camp near Hebron which is under the overall control of Israeli security. He needs now to convince the Israelis that he is serious in his promise to take tough action against Islamic militants in his own areas, too. Attempting to marginalise the extremists within Hamas - as he has done in the past - is no longer sufficient. Even so, if Palestinian authority is to count for anything, it has to find ways of clamping down on private armies. Along with the privileges of independence go responsibilities too. It would be difficult to blame the Israelis for reacting with hostility towards a government they believed was harbouring violent terrorists.

The medium-term prospects for the peace process are more gloomy. In three months' time, Israelis go to the polls. The chances of victory by Mr Peres, who has kept the peace process going after the assassination of Yitzhak Rabin, the former prime minister, now look increasingly slim. If the Likud Party were to win, it would do much to damage the fragile achievements of peace so far.

Likud's position on relations with the Palestinians remains incoherent. It has said it will not reverse the Oslo agreement which provided for the gradual emergence of Palestinian self-rule. However, the process has only just begun and requires day-to-day co-operation and negotiation between the Israeli government and the Palestinian leadership. This would be unlikely under a Likud government led by Benjamin Netanyahu, who yesterday proposed sending Israeli troops into the Palestinian-ruled areas to root out ring-leaders. Any strategy which stopped progress towards Palestinian independence would escalate the violence further.

The sensible strategy for the Israeli government is to continue with the Oslo accord. But progress in the course of this year will depend first on whether the Israeli people have the strength and maturity to avoid voting for revenge.

Who bores wins is the motto for England

"Winning isn't everything, it's the only thing." So said the legendary American football coach Vince Lombardi. In the highly professionalised world of American football, where players are cased in armour, where games follow choreographed routines and disciplined manoeuvres and big bucks are at stake, maybe winning is the only thing that matters. Back in muddy, bloody Blighty, spectators and supporters hope for something better. We believe that sport should enrich spirits and not just line pockets. We want to see our team win, but not with a complete absence of style. The English rugby union team is letting the side down.

Certainly England were playing to win on Saturday. They never blinked from their professional and well-planned strategy to stop Scotland in their tracks. There was little discernible effort by the English to cross the try-line. Points were amassed by reducing mistakes to a minimum and then planting the ball through the goalposts when opportunities arose. No risks were taken, no flanks were opened up. This was a team that won by choking the life out of the game, and the only people who derived real joy from the exercise were the players and management involved.

Perhaps England could be excused if this were a one-off event. The occasional cold-blooded murder of a match is a per-

fectly legitimate game plan for ball-players. In the critical match of a long tournament, the best approach may well be to adopt defensive and conservative tactics. But to use it as a strategy - as England appears to have done during this Five Nations Championship - is unforgivable.

Of course winning matters, but not to the extent of clinically destroying the inspirational elements of sport. Top-class rugby can be a cauldron of creativity, as New Zealand proved during last year's World Cup, and as the French have shown in seasons past. As rugby union jostles for greater television exposure and more sponsorship money, the game must for the first time address its future as a spectator sport. The rules may need to be changed; attitudes certainly must be.

Furthermore, the long-term effect of England's dour approach is that it will not even guarantee them victory. High-powered teams in the southern hemisphere are light years ahead in tactical thinking and will simply leave England standing. So lighten up, guys. There is one more chance - against Ireland in a fortnight - to release some of the creative talent at your disposal. Ditch the dullness and the defensive tactics. Release Guscott, Underwood and Catt. Who knows, playing for joy may even produce a more effective way of playing to win.

Trainspotting can drive you loco

I bought the novel *Trainspotting* when it first came out in paperback, and although I haven't read it all yet, or indeed much of it, I look forward to reading it if only so that I can find out why it is called *Trainspotting*.

I have always remembered my trainspotting days, which took place in the early Fifties, with great affection, and I think I still have somewhere all the Ian Allan books of British engine numbers that I bought at the time. They must be quite valuable by now. Or at least they would be if I hadn't painstakingly underlined in ink the numbers of all the locomotives I had seen, thus reducing the value of the books to nil at a stroke.

I don't have the slightest interest in trainspotting now, of course. I gave it all up 40 years ago. It's just that, as all my wives have drily observed in turn, no man ever quite gives up trainspotting. It stays in the blood like a long-ago case of malaria and, like malaria, occasionally returns to embarrass you in public.

What are the symptoms? Well, one sign is the tendency, when driving along in a car, to slow down when you are passing a station or railway line in case there is a train coming. Another symptom is to pick up your ears when you see a



MILES KINGSTON

dotted line on a map marked "disused railway" and to keep your eyes open for it when it crosses the road you're driving along. Another variation on this is to pick out subconsciously, as you're driving, the tell-tale flat line of an old railway crossing the landscape and to follow it with your eye as long as you can, even though it means nothing to anyone else in the car.

Oh, and another symptom of the old trainspotting itch is to feel a fleeting spot of annoyance when you hear the term "trainspotter", because usually what trainspotters are spotting is not a train but an engine or a locomotive.

Sorry. That's enough.

Now I know when I bought *Trainspotting* that it wasn't about trains and it wasn't about trainspotting, because I had read reviews of the book. And the reviews of the books

all said: "This is not a book about trains, and it is not a book about trainspotting. It is a novel that deals with the youthful drug underworld of Edinburgh, written in tough, neo-noir, promising language by a man who has been there and knows what he's talking about."

That's good. I am all in favour of there being novels about the Edinburgh drug world, if only to counter the image of Edinburgh as a stuffy city addicted to scones and Scotch. But I don't actually want to read them. I have read enough books about drugs in my life.

Well, they weren't billed as books about drugs, but there was a long time in jazz history when drugs and jazz were so intertwined that you couldn't read one without reading about the other. And now I have done drug books and I don't want to do more drug books.

So why did I buy *Trainspotting*? Well, blow me down, but I think it was because of the title. There was part of me that wanted to find out how a book that was not about trains could be given a title like that, and if I had got far enough, I would probably have found out. That's another symptom of the old malaria itch of trainspotting - to latch on to some-

thing with "train" or "rail" or "express" in the title and explore it even though you know it won't be anything to do with trains at all - in the same sort of way that my eye immediately spots, on any printed page, a word with "zz" in it, just in case it is the word jazz.

That is why, when I was once offered the opportunity to see *Starlight Express*, I grudgingly accepted the invitation, even though it's against my principles to see an Andrew Lloyd Webber musical. I had read that it was about trains. I thought that it might be worth seeing. I was wrong. It was one of the most terrible evenings that I have ever spent in the theatre. But somebody somewhere had correctly deduced or guessed that any title which refers to trains is going to add 5 per cent to its audience figures immediately. It might be a disappointing 5 per cent, but it will be a paving 5 per cent.

That is why I'll hazard a guess that at every performance of *Trainspotting* there will be a small percentage of the audience who will go away unmoved by the drug drama and baffled by the Scots accents but heartbroken that there weren't any trains to be seen.

Sorry, I mean, engines.



LETTERS TO THE EDITOR

Karadzic's regime in Bosnia

From Professor Adrian Hastings
Sir: I have recently returned from a week's visit to Sarajevo and Mostar with a delegation of the Alliance to Defend Bosnia-Herzegovina. We were fortunate to be able to discuss the current situation at some length with Hasan Muratovic, the new Prime Minister, Dr Kupusovic, the Mayor of Sarajevo, Ambassador Frowick, Head of the Organisation for Security and Co-operation in Europe mission responsible for the coming elections, Herr Steiner, deputy head of the "Office of the High Representative" and Herr Hans Koschnick, the EU administrator in Mostar, among many other people of a variety of viewpoints.

We were greatly impressed by the earnest endeavour of Frowick, Steiner and Koschnick to advance the cause of peace and reconstruction and to prepare the way for free and fair elections. But it also became clear to us that their mission is an essentially unrealistic one unless certain things change. Quite the most important such thing is the continued total grip of power in Republika Srpska of Radovan Karadzic and Ratko Mladic.

It is perfectly clear to all the

people we spoke to that Republika Srpska is a police state in which there is no freedom of expression and in which two indicted war criminals remain as much as ever in control. It is obvious in these circumstances that it is as farcical to imagine free elections can be held in six months' time.

Theoretically, the international community refuses to recognise Karadzic in any way. In practice, it does so almost daily. The might of Ifor is now achieving very little. It could perfectly well be used, in conformity with its secondary mandate, to mount effective road blocks which would either arrest or demobilise Karadzic.

If that were to happen, a process of reconciliation might well develop quite fast. But while the regime of Karadzic is not only not challenged but is, in reality, actually being reinforced by its control of all relations with international organisations, there can be absolutely no progress in that direction.

Yours faithfully,
ADRIAN HASTINGS
Department of Theology and Religious Studies
University of Leeds

In support of the metal detector

From Dr Michael Heyworth
Sir: It is unfortunate that Rebecca Fowler's article on the proposed new Treasure Bill and the Department of National Heritage's discussion document on the reporting of archaeological finds ("Law may soon be watching the detectorists", 1 March) uses such sensational language to describe reactions to the proposals.

Neither proposal will have any significant impact on metal detector users - many of whom are motivated by an interest in their past and already work closely with archaeologists to further our understanding of the historic environment. It is difficult to understand how anyone could not support simple measures

which will enable us to learn more about Britain's past which, after all, belongs to all of us.

It is unfortunate that Ms Fowler gives the impression that landowners are unhappy with the proposals. In fact there are real advantages for them - especially in the clarification which the Bill brings to the current situation where a trespasser can claim a reward for material removed from a landowner's property without his/her permission while the landowner receives nothing. Perhaps this is why the Treasure Bill is supported by both the Country Landowners Association and the National Farmers' Union?

Yours faithfully,
MICHAEL HEYWORTH
Acting Director
Council for British Archaeology York

Official cost of single parents

From Mr David Smith
Sir: The article by Hamish McRae explaining the financial implications of divorce for the country (1 March) missed one further consequence.

One of the most important indicators that the Department of the Environment uses in Standard Spending Assessments is the number of lone parents. This indicator redistributes hundreds of millions of pounds between local authorities. The more lone parents an authority has; the more it receives from the Government to pay for services, and this applies to education, social services and all other services.

There may have been a time when lone parenthood affected

small numbers of people; clearly this is no longer the case. It is also apparent that the circumstances of lone parents can be very diverse. It raises a question about the suitability of using a rather simplistic indicator in today's circumstances. Not only do the figures determine grant received by local authorities, they help to determine the Government's maximum permitted expenditure levels in nearly every education and social services authority, regardless of local opinion.

Yours sincerely,
DAVID SMITH
Principal Research Officer
Central Policy Unit
Sheffield City Council
Sheffield

Medical accidents are not negligence

From Mr Robin de Wilde, QC
Sir: Polly Toynbee is wrong to infer ("Legal leeches are bleeding the NHS", 28 February) that those involved in medical negligence cases are participating in what is effectively a plunder on the Legal Aid Board. No medical negligence action should be started with less than one, usually more, supporting reports from different medical experts of the appropriate disciplines.

There is a difference between a medical accident, often described as "one of those things", and actual negligence where someone is in breach of their professional duty of care, which is what medical negligence is about.

Not only should there be accountability by professionals, but there is provision for it, both by insurance and the Department

of Health's scheme to indemnify hospitals for true claims of over £300,000. Or is Ms Toynbee's view that people have to accept what happens to them?

Yours sincerely,
ROBIN DE WILDE
Chairman
Professional Negligence
Bar Association
London, WC2

From Mr D M Ashford
Sir: The NHS is a sort of nationalised charity in which the public service ethos still manages to survive, just. Its liabilities should surely then be limited to significant financial loss to patients caused by negligence. Otherwise it is a case of "taxpayer sue thyself", especially if legal aid is involved. People who want the right to sue on a whim should get treated privately.

Yours sincerely,
D M ASHFORD
Bristol

Firefighters need compensation

From Mr W J Walsh
Sir: Two items in today's paper (2 March) perfectly demonstrate the injustice and double standards applying to people at work in Britain. On the front page we learn that the heroic firefighters who lost their lives recently will, in the case of Fleur Lombard's relatives, receive £950 for the loss of her life and in the case of the dependants of Kevin Lane - nothing at all.

On the business pages we learn that Lord Young of Graffham, who lost his job after a tiff with one of his colleagues and who had no formal contract with his ex-company Cable & Wireless, is considering accepting £2.4m in compensation.

Am I alone in thinking that the £2.4m would be a more appropriate compensation for the loss of the firefighters' lives, and £950 a more fitting parting gift to Lord Young?

Yours sincerely,
W J WALSH
Brede,
East Sussex

Model name for a railway company

From Mr Thomas Murphy
Sir: I read with interest the article ("Rail link to cut London to Paris trip to 2½ hours", 1 March) about the high speed rail link being awarded to London & Continental, chaired by Sir Derek Hornby. Will it be named as Hornby's Model Railway?

Yours etc,
THOMAS MURPHY
London, SW3

God transcends sexual gender

From Miss V A Luck
Sir: I was interested to read the "Another View" by John Doyle (29 February).

I am sorry the author has been called so many rude names (of which radical feminist is probably the rudest) because he has chosen to cast a woman in the role of God in the York mystery plays. Though perhaps not traditional, I cannot see any logical or theological objections to such casting: surely God transcends gender, being at the same time both male and female, and neither. As such, He (to use the word in its loosest sense) can be equally appropriately portrayed by actors of either gender (or both or neither, for that matter) and in setting artificial boundaries we are trying to limit God Himself.

Yours faithfully,
V A LUCK
West Molesey, Surrey

High voltage

From Dr T J Dennis
Sir: Arthur Tarrant (letter, 19 February) is correct when he remarks that a colour TV set contains components that operate at 25,000 volts, which is the same as the voltage used on the overhead supply for railways. The crucial difference, however, is that in the TV the voltage is at DC, while the rail supply is AC, and the problem with leukaemia is claimed to be due to alternating magnetic fields. These will be present near any exposed cable carrying a large alternating current.

Yours sincerely,
TIM DENNIS
Bitch, Colchester

Model name for a railway company

From Mr Chris Hunter
Sir: From enquiries made in the Brighton and Hove Hill areas of London, where the name "Christian Goldman" (Letters, 21 February) is emblazoned on many a wall, I have been informed that Mr Goldman is a purveyor of "Drums n' Bass" music.

Yours,
CHRIS HUNTER
London, EC3

Old-fashioned civil servants

From Mr Regus Allen
Sir: The critics of the Government's plan to privatise the agency that recruits civil servants are expressing themselves in the language of yesterday's people - moderate, informed, rational, principled, even ethical. This will get them nowhere. It is clear that the career civil servant, committed to public service, is an anachronism. Impartial public service is a concept to be praised from the platform but laughed at in the cocktail bar.

Dame Gillian Brown (Letters, 2 March) asks why the Recruitment and Assessment Services agency should be dismantled when the Government has made no specific criticism of it. After 17 years she should know the answer. The agency, staffed by civil servants, provides a service which could seemingly be replicated by a private operator, who would aim to make a profit from it by cutting corners.

Yours faithfully,
FERGUS ALLEN
Stratford, Berkshire
The writer was the first Civil Service Commissioner (1974-81).

Queen's collection

From Mrs Jennifer Miller
Sir: Roger Guedalla is quite mistaken in thinking that the Royal Collection is only on display in the Queen's gallery at Buckingham Palace (Letters, 2 March).

The contents of the State Rooms there are now on view to the public in the summer; the principal part of the collection is also open to the public at Windsor Castle, Kensington, Kew, Hampton Court and Holyroodhouse palaces, the Tower and Osborne House.

Many items are on indefinite loan to the British Museum, the Victoria and Albert Museum, and the National Galleries in London, Edinburgh and Cardiff. Loans are frequently made to special exhibitions both at home and overseas, and innumerable reproductions from the collection have been allowed.

Yours faithfully,
JENNIFER MILLER
London, SW15

Royal prerogative

From Mr Den Farrin
Sir: Can someone explain how it is that any Church of England vicar who confesses to adultery is sacked, but the future Head of the Church of England, the Prince of Wales, can confess to adultery but still keep his job?

Yours faithfully,
DEN FARRIN
Exeter

What's in a name?

From Mr Chris Hunter
Sir: From enquiries made in the Brighton and Hove Hill areas of London, where the name "Christian Goldman" (Letters, 21 February) is emblazoned on many a wall, I have been informed that Mr Goldman is a purveyor of "Drums n' Bass" music.

Yours,
CHRIS HUNTER
London, EC3

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obituaries / gazette

Marguerite Duras

Marguerite Duras was the most contradictory, and in many ways perverse, figure on the Parisian literary scene during the post-war period, the subject of popular interest far beyond her many readers, always controversial and both the source and the object of much argument.

When known as a popular novelist she wanted to be a high-brow one, and changed to a more specialised literary publisher to further her intellectual reputation, but then altered her technique and image to become more popular, deliberately confusing the borderline between fact and fiction to arouse discussion and disagreement concerning the real-life content of her novels.

The two principal examples of this are her reputed affair as a young girl with a rich Chinese lover in Vietnam, and her personal participation in the Resistance during the German occupation. Her novel *The Lover*, which won the Prix Goncourt, owed its best-seller status to her television interviews with Bernard Pivot on *Antenne 2*, a literary programme with a large regular following, in which she claimed that her novel was the true story of her early seduction by a Chinese lover who for family and racial reasons was not willing or able to marry a white girl of lowly status in what was then a French colony. When her claim to have played an important part in the Resistance, the subject of another novel, was unsubstantiated, she appealed to François Mitterrand, known to have himself been in the Resistance, who gave her an ambiguous but qualified support. It is unlikely that she could have taken part in all the events that she described, but then everything about her was unlikely.

Marguerite Duras had a steely will, was relentless in getting what she wanted, and had a selective memory that served only her mood of the moment. Sonia Orwell, a sometime close friend, who like many others was often dropped from favour, accurately described her as "not like a man, but rather a new kind of woman, stronger than a man". A comparison could be made with Margaret Thatcher, but not in political ideology. She was the subject of much hatred with literary rivals, Nathalie Sarraute in particular, who would say how wonderful it must be to be able to adore oneself so much. There were many men in her life, most of them appearing in some form in her novels, and the names of many

of her invented characters were amalgams of the surnames of past or present husbands and lovers.

Born at Gia Dinh in French Indochina in 1914, she was brought up with her two brothers, in what for Europeans was considerable poverty, by her mother; her father died when Marguerite was four. Her mother made a small living as a teacher and by playing the piano for silent films, later acquiring a smallholding on the Cambodian coast which turned out to be uncultivable, as the sea overran it for half the year. Her mother, whose predicament is described with understanding but little sympathy, plays a prominent part in her writings, and figures in the play *Eden Cinema* and the novel *Barbaric Against the Pacific*. The sea, as implacable enemy, emerges many times in her work, but her fascination with water also has sexual overtones. Poverty and its effect on the personality is another important theme.

Duras went to Paris at the age of 18 to study law, mathematics and political science, received her degree and went to work for the Ministry of the Colonies until her marriage to Robert Antelme, a rich businessman (pictured, but in little detail, in *Moderato Canabale*, where she shows herself as an unhappy wife bored by social obligations, craving excitement, often escaping into heavy drinking). She left Antelme to live with another writer, Dionys Mascolo, the father of her one son. They both joined the Resistance in 1940, but her role is still the subject of some contention, especially as described in *La Douleur* (1986), which is almost certainly a blend of memory and fiction.

Her first novel, *Les Impudents*, was published in 1943 and was soon followed by others, all stressing the interrelationship of people and nature, and the struggle to fight off elements that are hostile to life and happiness, including one's own human nature and desires. Passion plays a large part in Duras's work, often presented in metaphorical or symbolic terms, as does political commitment. She joined the Communist Party in 1945, but she was expelled 10 years later for her unwillingness to toe the party line on all issues; she had found the demands made on artists and intellectuals intolerable, and would have left earlier but for the influence of Mascolo, whose own massive tome *Le Communisme* is mainly about the dilemmas that party discipline poses for intellectual freedom.

During the Fifties Duras's work began to have a special appeal to women, whose maternal and protective instincts, disappointments in love, erotic desires and fantasies, often only dimly understood but depicted by her in a new, poetic and oblique way, she was poignantly able to express.

The Lover (1952, filmed by Tony Richardson in 1967) and *The Little Hours of Tarquinia* (1953) are both love stories about loss and disappointment, where a present relationship is made possible or enhanced by the memory or the symbolic presence of an earlier love.

With *The Square* (1955), written as a novel and then transferred to the stage, she became accepted by the Parisian avant-garde, then dominated by Beckett, Ionesco and Adamov, and the actors who had made their name with the new absurdist drama also began to play Duras; the same phenomenon was soon apparent in London. In *The Square*, a travelling salesman and a housemaid meet and talk for an hour in a park; Duras gives a picture of their empty lives, with the faint possibility that they might meet again, but happiness is not possible for either except in symbols and fantasies; it is her most poetic novel, often recalling Proust.

International success, and the money associated with it, came with the film *Hiroshima, Mon Amour*, written for Alain Resnais, which won major attention at the Cannes Film Festival in 1960. Marguerite Duras found herself part of the glamorous film world and loved the ambience of the smart restaurants and night-clubs where she soon became a familiar figure. She wrote more film-scripts and then began to make her own films, most of them on a property south of Paris that she bought for the purpose.

Opinions vary about her own cinema work, all of it atmospheric and heavily symbolic, but also heavily presented, sometimes overwritten with long dialogues that analysed the theme, usually to do with love and desire, that she wanted to put over. Her oblique approach, saying one thing by showing or describing another, is well illustrated in *Hiroshima, Mon Amour*, where a Frenchwoman in Hiroshima, scene of a major war horror, the dropping of the first atomic bomb, while having a brief affair with a Japanese man recalls a previous sexual experience during the war with a

German soldier with whom she fell in love; he was killed by the Maquis and at the end of the war brought her disgrace and punishment. In spite of the natural emotional prejudice of the audience, who would understand and approve of the killing of the German if not the dropping of the bomb, she effectively made her point that a single death is also a tragedy and all war is wrong.

Moderato Canabale (1958) is central to and typical of her work, but, because she wanted to be numbered among the currently fashionable *nouveaux romanciers*, she changed from Gallimard to Editions de Minuit, the avant-garde publisher of the day, later seeing-sawing between the two according to her whims. *Moderato* was filmed by Peter Brook with Jeanne Moreau and Jean-Pierre Belmondo and depicts her *alter ego* rich housewife, fascinated by a *crime passionnel* that takes her back repeatedly to a working-class bistro to get more details from one of her husband's workers who is in love with her, but fails to realise that it is not him she wants, but the excitement of a passionate death, the opposite of her passionless life.

The former Communist activist now became part of fashionable Paris, seen with film stars and public personalities. She was difficult, not only with publishers and directors, but with her foreign translators, changing her loyalty from one to the other as they jealously denigrated and criticised each other. Many novels were adapted for the stage and some to the screen. *Whole Days in the Trees*, taken from an early story, was performed by Madeleine Renaud in Paris and Peggy Ashcroft in London, while Delphine Seyrig and Eileen Atkins both starred in *Suzanna Andler*. Peter Hall commissioned a play for the National Theatre, but *India Song* was never produced there, ending instead as a film and a French play production.

Duras's childhood memories of South-East Asia increasingly influenced her work and culminated in the great success of *The Lover*, she then changed from the smaller publishers who had translated her work for years in other countries to large commercial firms capable, she thought, of keeping her on the best-seller lists. But most of these were less than happy with the later work which increasingly became self-indulgent and less attractive to readers.

Her films, now entirely under her own control, also lost much of her previous audience, who



Difficult, controversial, indomitable. Everything about Duras was unlikely

found it difficult to follow her current preoccupations. Typical of these is *Le Camion*, where we are confronted with two images, a lorry driving through the night until dawn, a depiction of the loneliness and determination of the long-distance driver, and, intercut with it, an all-night conversation between Marguerite Duras herself and her young collaborator and lover, who are writing the script together, imagining the lorry-driver and discussing the emotions they are trying to depict and their method in doing so. Two frustrations, that of their creative imaginations, and that of the driver they are depicting, become identified. It is a film which works through the nerve endings rather than through the mind, making no concessions to the audience or, for that matter, to possible commercial distributors.

Much of Duras's work is about obsession, and her very powerful early novellas *Whole Days in the Trees* (the play comes from the life-story), are about four obsessive women. The interchangeability of lust

for love and sex and lust for power and riches is always well caught, not so much described as suggested. Lost love is a frequent theme and the sadness and nostalgia for magical past moments surfaces frequently, especially in such plays as *La Musica* and *Suzanna Andler*.

Like Beckett, she understood the fear in a changing and itinerant society of not belonging anywhere, of ending anonymous in a big and unfriendly world, which can lead to committing even a senseless crime in order to be famous for a brief instant, just as in a lifetime. This is the theme of *The Vindictive of Sene-et-Oise*, where a couple, having committed a series of murders, secretly want to be caught and leave vital clues too ensure that they are.

Marguerite Duras, in her last years, having not been in good health for some time, due largely to heavy consumption of wine, fell into a coma, and it was assumed she would not last long. But after two years she recovered fully, continued writing and took control again of her financial and professional af-

fairs. Nothing could have better demonstrated her indomitable willpower and determination to survive and continue to be creative as long as her body was alive.

A difficult and rebarbative personality, not open to persuasion or to arguments other than her own, Duras lacked tact and humour in life and in her work, but there is much poetic feeling in it and she helped many women, in particular, to understand their problems and their natures. She overcame most of her own handicaps, especially an early addiction to alcohol, and was in many ways an illustration of her own literary observation that in life we tend to replace one thing we want and cannot have with another associated with it.

Her place in literature is assured, perhaps even more than that of Colette whose niche in the Parisian scene she replaced.

John Calder

Marguerite Donnadiu (Marguerite Duras), writer, born Gia Dinh, Indochina 4 April 1914; died Paris 3 March 1996.

Cardinal John Krol

Typical of American press myth-making on the subject of Cardinal John Krol - "Krol the Pole" as he was invariably and inevitably known - was an article by Carl Bernstein in *Time* magazine in February 1992. This alleged a "holy alliance" between Pope and President 10 years previously to undo Yalta and rescue Poland from the Reds.

Bernstein cites CIA sources as saying: "Krol hit it off very well with President [Ronald] Reagan and was a constant source of advice and contact." William Casey, head of the CIA, and Judge William Clark, Reagan's National Security Adviser, both "devout Roman Catholics", went to Krol, confident he was the one who really understood the situation in Poland.

To believe any of this, you have to swallow a number of myths. The first is that "Krol the Pole" actually knew something about Poland. True, his father was born there, but Jan Józef was not and did not seriously speak Polish. He knew "Krol" meant "king" - could say *król* (thank you in restaurants and *dziękuję* (thank God) in church, and was capable of intoning the first lines of "So Lat" ("May you live to be a hundred years")! But you didn't have to be Polish for that.

Krol notoriously launched into "So Lat" on 16 October 1978, as the champagne corks popped for the election of Karol (= Krol) Wojtyla, Archbishop of Krakow, as the first non-Italian Pope for 350 years. *Time* concluded: "John Cardinal Krol of Philadelphia ... was

the American churchman closest to the Pope."

No doubt that is what *Time* would expect. But one characteristic of Pope John Paul I is that he does not have intimates, least of all Polish Americans who, in his view, are more American than Polish. Canadian Poles, never popped into the melting pot, are different, retaining their languages and something of the culture.

In American eyes Krol may have looked sufficiently Polish, but that is not how Poles saw him. Those "devout Roman Catholics", Casey and Clark, who sought him out to "discuss covert operations" with "the one who really understood the situation" were displaying their *naïveté*. Krol did indeed push for sending the funds for Rural Solidarity via the clergy in Poland, but that was what any sensible person would have done and did not mean he could distinguish Tarnów from Torun.

The "devout Roman Catholics" are another myth. In the United States that means belonging to the Knights of Malta, rich businessmen who according to *Time* combine an appreciation of "the moral force of the Pope and the teachings of their Church with fierce anti-Communism and their notion of American democracy". Krol was chaplain to the Knights of Malta or rather, since that is too lowly a title, their Grand Protector. If the Knights in Europe count their quarters, in North America they count their dollars.

The US bishops are instinctive Democrats, but among

them is usually a Republican. This was Krol's specialty in the pre-John Paul II era when a Polish-American bishop was a rarity among the massed ranks of Irish-Americans who had dominated the Church since the 19th century. The "revival of ethnicity" did not bring him any kudos. It merely led to endless "Polish jokes" about incompetence and light-bulbs and impracticality.

Krol's career was built on shrewdness and being in the right place at the right time. The fourth of eight children of a butcher in Cleveland, Ohio, he was ordained priest in 1937, doing graduate work in canon law at the Catholic University in Washington. There he had the good fortune or the prescience to meet the Apostolic Delegate, Archbishop Amleto Cicognani, to whom he made himself useful as chauffeur, automobile being a novelty in the clerical world.

Legend has it that when Cicognani and a clerical friend were discussing a knotty canonical point in the back of the car, their silent driver astonished them on arrival by producing a neat and elegant solution. He wrote it up and was named auxiliary Bishop of Cleveland in 1953.

In 1958 the newly elected Pope John XXIII called Cicognani, the forgotten man of Vatican diplomacy, back to Rome and made him Cardinal Secretary of State. He did not forget his chauffeur-canonist, and in 1961 Krol advanced to Philadelphia, one of the few dioceses in the US which guarantee a cardinal's hat. In New



"Krol the Pole": Archbishop of Philadelphia from 1961 to 1988

York, Cardinal Francis Spellman, for long the king-maker of the hierarchy, read the news in the *New York Times* and snorted: "You'd think they'd let a fellow know before they do this kind of thing." But the world was changing, even for "Spelly".

Krol was the coming man. *Uomo ascendente*. He became one of the six under-secretaries of the Second Vatican Council. There was one for each of the major languages. His task was to keep business on schedule, paper moving and the organisation efficient. It was not a the-

ological post, but it brought him into contact with Cardinal Pericle Felici, a dry canon lawyer who ran the Council like a brusque headmaster and was capable of making good jokes in Latin. His performance was more admired than his theology. Krol learned much from Felici and departed from his line only on the question of Jews: he would have no watering down of the Council's statements on the Jews. He was thinking of the folks back home.

The Council ended in 1965. In 1967, Krol was made a car-

dinal. His main interest was in canon law, specialising in marriage about which he was fierce and intransigent. As a long-time "defender of the bond" he argued strongly for written promises for the non-Catholic partner in a "mixed marriage" (now called an inter-faith marriage). He tended to oppose dispensation because "experience teaches that when the availability of a dispensation becomes known requests for it increase and escalate". "Mere whim", he believed, would be blown up into "grave reasons", to the scandal and ultimate detriment of the faithful.

It was a very restrictive view of the role of canon law which can be used to help people in difficulties. That was not Krol's approach. He was opposed to much of what was happening in the post-conciliar Church. The "Call to Action" Congress in Detroit in October 1976 roused him to anger. The congress demanded among other things public accountability of church finances, the ordination of women, local participation in the selection of bishops. Krol had taken over the meeting and "manipulated a naïve group of little old ladies". He set up a task force to counter this menace. Nothing was ever heard from it.

Krol's life was transformed by the election of Karol Wojtyla in 1978. It did not really mean that as "the friend of the Pope" he was now close to decision-making. But Pope John Paul did put him on the committee of cardinals whose task was to oversee the financial operations of the Vatican and, even-

tually, introduce some clarity and transparency into their dealings.

Here he made a real and positive contribution. He understood real estate and could read a balance-sheet. One suspected he did not much like Mgr Paul Marcinkus, the then chairman of the Vatican Bank - a Chicago Lithuanian to a Cleveland Pole. But he successfully got Cardinal Edmund Szoka, a Grand Rapids Pole, named head of Apsa (the Administration of the Patrimony of the Apostolic See) which was where the shortfall lay.

Krol retired from Philadelphia in 1988, three years after the date when he had to tender his resignation. One can only suppose that Pope John Paul II wanted him to hang on. That, in a way, is a tribute to him.

Peter Hebblethwaite

John Joseph Krol, priest: born Cleveland, Ohio 26 October 1910; ordained priest 1937; Professor of Canon Law, St Mary's Seminary, Cleveland 1942; Vice-Chancellor, Diocese of Cleveland 1943-51; Chancellor 1951-53; Titular Bishop of Cadix, Auxiliary Bishop to the Bishop of Cleveland 1953-61; Archbishop of Philadelphia 1961-88; created Cardinal 1967; member, Pontifical Commission for Mass Media Communications 1964-69; Vice-President, National Conference of Catholic Bishops and US Catholics Conference 1966-72; President 1973-75; died Philadelphia, Pennsylvania 3 March 1996.

• Peter Hebblethwaite died 18 December 1994

Vergilio Ferreira

He was a "man of the north", the great Portuguese novelist and essayist Vergilio Ferreira: born at Melo in the mountains of the Serra da Estrela.

His family had marked him for the priesthood. His youthful sufferings and subsequent revolt in the shades of a repressive and bigoted seminary were later evoked with moving directness in *Manhã submersa* ("Wasted Morning") - his best-known work, which won for him the Prix Femina for its translation into French (1990). It is the story of an endless quest for personal liberty: the author passionately condemns the right of the Church or the government or the family to impose their own vision of what is good and what is evil. It is not surprising that Ferreira became one of the most outspoken critics of Salazar's detested dictatorship.

Ferreira graduated from the University of Coimbra in 1949 with a degree in classical philology, the study of which seems to have consolidated his distrust of the empty jargons of religion and politics. He had read widely in French literature, and was particularly influenced by the works of the existentialists, notably Sartre, on whom he wrote a penetrating study. He also admired Camus and Dostoevsky, and wrote a fine critical appreciation of Malraux.

He started writing as a neo-realist with *Mudanca* ("Change"), 1949, which critics hailed as the first "existentialist" Portuguese novel. This was followed by 15 other novels, in which the neo-realist tone is tempered to nostalgic longings for the past - memories of lonely childhood, laments for dead friends and relatives, reminiscences of his native mountains' bars and beauty. These exquisitely written stories are reads rather for their smooth, classic style than for "plot", which is almost non-existent.

Ferreira's old people live and breathe with a dignity and eloquence rarely found in modern literature, as in *Pura Sempre*, in which the narrator, at the end of his life, returns "for ever" to the house where he spent his childhood, now deserted, peopled only by phantoms. Yet the old man remains lucid and not without humour as he casts sharp glances back at his own failed life. He broods on the death of a son whose death he considers to have been useless, sad reward for vain revolt.

Aparição ("Apparition", 1959) follows the same disabused resignation to a sense of life's futility. In *Até ao fim* ("To the Very End", 1987) an old father keeps a vigil over the body of a son killed in tragic circumstances: the setting is an ancient chapel beside the sea, evoked with persuasive clarity. In *Em nome da Terra* ("In the Name of the Earth", 1990) another old man, mortally sick, who has had a leg amputated, finds himself left by his children in an old people's home. It is his favourite daughter who has brought him to this place, where he drafts a long letter to a dead wife whom he had watched over during her illness, a sort of posthumous conversation of great subtlety, yet simple and profoundly touching.

Ferreira was a gifted essayist, and kept a voluminous diary, intended for publication, which reveals aspects of the man unsuspected in his novels, which he says were "screens", while the diary published as *Conto corrente* ("Current Account") is a literary form revealing body and soul in all their nakedness.

He won numerous prizes - the Premio Camilo Castelo Branco for *Aparição*, the Gran Premio APE for *Até ao fim*, the Premio de la Casa de Prensa for *Alegria breve*. The President of Portugal, Mario Soares, a personal friend of Vergilio Ferreira, described his passing as "an enormous loss for Portuguese and world literature". The newspaper *O Público* recalls his persistent struggles against dictators, against "irrational tyrannies" like Salazar's and Stalin's.

For an author obsessed by the death of loved ones, it is remarkable that his death followed only 24 hours after he attended the funeral of his brother at Melo, where he himself will find his resting place.

James Kirkup

Vergilio Ferreira, writer: born Melo, Portugal 28 January 1916; died Sintra 1 March 1996.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS (Births, Adoptions, Marriages, Deaths, Memorial services, Wedding anniversaries, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL. Telephone to 0171-293 2011 (24-hour answering machine 0171-293 2012) or faxed to 0171-293 2010, and are charged at £6.50 a line (VAT extra). OTHER: Gazette announcements (necrology, funerals, forthcoming marriages, Marriages) must be submitted in writing (or faxed) and are charged at £10 a line, VAT extra. They should be accompanied by a daytime telephone number.

The Independent's main switchboard number is 0171-293 2000.

Birthdays

Mr Michael Barrett ("Shakin' Stevens"), rock singer, 48; Sir Alan Battersby, organic chemist, 71; Sir Arthur Bryan, former Lord-Lieutenant for Staffordshire, 73; Mr Kenny Dalglish, football player and manager, 45; Mr Graham Dowling, cricketer, 59; Professor Hans Eysenck, psychologist, 80; Mr Harvey Goldsmith, music promoter, 50; Mr Bernard Haitink, music director of Covent Garden Opera House, 67; Mr John Honi, former Headmaster of Rodeaux, 64; Lord Johnston of Rockport, former chairman, NW Area Conservatives, 81; Mr Francis

King, author and drama critic, 75; Mr Ralph Kirschbaum, cellist, 50; Mrs Marion Makela, singer, 65; Mr Stuart Mason, veterinary doctor, 78; Mr Patrick Moore, astronomer, 73; Mrs Paula Prentiss, actress, 57; Mr Chris Rea, rock musician, 45; Mr Alan Sillitoe, playwright and novelist, 68; Mr Peter Skellern, composer and singer, 49; Sir Keith Stuart, chairman, Seaboard, 56.

Anniversaries

Births: Prince Henry the Navigator, sponsor of voyages, 1384; Antonio Lucio Vivaldi, composer and violinist, 1678; Sir Henry Raeburn, portrait

painter, 1756; Robert Lindley, cellist and composer, 1776; Thomas Sturge Moore, poet and wood-engraver, 1879; Basma Saladin, Sultan of Egypt, and Syria, 1193; Sir Thomas Malory, writer of *Morte d'Arthur*, 1470; William Willett, builder, and promoter of "daylight saving time", 1915; Antonin Artaud, actor, playwright and stage director, 1948; Sir Charles Scott Sherrington, neurologist, 1952; William Carlos Williams, physician and poet, 1963; Richard Tarnham Church, poet and novelist, 1972. On this day Purnell was granted by charter to William Penn, 1681; the first meeting of Congress was held in New York, 1789; the Roy-

al National Lifeboat Institution was founded, 1824; the Forth Bridge was officially opened, 1890; the Communist (Communist International) was formed, 1919; British commandos raided the Lofoten Islands off Norway, then German-occupied, 1941; German radio declared that Dresden had been "wiped off the map of Europe" by Allied bombing, 1945; the nuclear submarine *Nautilus* travelled under the North Polar ice-cap, 1958; North Sea gas was first piped ashore near Durham, 1967; Edward Heath resigned and Harold Wilson became prime minister, forming a Labour government, 1974. Today is the Feast Day of St Adrian and his

Companions, St Casimir of Poland and St Peter of Cava.

Lectures

National Gallery: Neil MacGregor, "A First View of your National Gallery", 1pm. Victoria and Albert Museum: Eric Turner, "The Architectural Discoveries in the Silver Gallery", 2.30pm. Gresham College: Sir Anthony Meyer, "Maastricht II: the federalist case", 1pm (at Barnard's Inn Hall, London EC1); Professor Mary Hesse, "Science and Religion: is science one new religion?", 5.30pm (at St John College, London EC4).

Exeter University: Professor Martin Hughes, "Young Children as Learners", 5.15pm.

Lord O'Brien of Lothbury

A Service of Thanksgiving for the life of Lord O'Brien of Lothbury CBE PC FRSM will be held in the Chapel of the Order of the British Empire, the Crypt, St Paul's Cathedral, London EC4, at 11.30am on Thursday 14 March. Those attending are requested to take their seats by 11.15am. For further information, please contact the Assistant Secretary, Bank of England.

ROYAL ENGAGEMENTS The Queen and The Duke of Edinburgh give a Reception at Buckingham Palace for the winners of The Queen's Awards for Export, Technological and Environmental Achievement. The Princess Royal, President, the Princess Royal Trust for Carers, attends a meeting of the Committee of Trustees at 81 Newgate Street, London EC1. Princess Alexandra, President, attends a Reception given by the Friends of the V&A at the Victoria and Albert Museum, South Kensington, London SW7.

Changing of the Guard The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am. The Company of Gentlemen of the Queen's Guard, at Buckingham Palace, 11.30am, band provided by the Scots Guards.

TODAY

Interim: Close Brothers, Cornwell Parker, Hays.

Finals: ADT, Avonmore Foods, BBA Group, British Polythene, Cementone, EFT Group, Enso-Gutzeit, General Cable, Intrum Justitia, Mackie International, Perkins Group, Raydon Group, Smith & Nephew.

Annual General Meetings: AG Barr, Eurocopy, Hascocell, Treant, United Breweries. EGMs: Edinburgh Fund Managers, Escalibur Group, United Breweries.

Economics
Weekly returns for the amount of notes and coins in circulation suggest that the narrow money measure, M0, for February is likely to show a sizeable jump today. Analysts expect a 0.8 per cent rise, taking the 12-month growth rate up from 5.3 to 5.9 per cent - well above the Government's

0 to 4 per cent monitoring range. However, it is not expected to derail a base rate cut on Thursday, unless there is a very adverse reaction in the financial markets.

The Halifax house price index is likely to show another monthly rise in February, following the unexpected rise revealed by the already published Nationwide price index.

Also UK February official reserves; German January trade balance and current account (during week); US December/January personal income and consumption.

TOMORROW

Companies
It is unclear whether Scottish Television will be a predator or a target in the next round of consolidation within ITV. If a predator, HTV, in which Scottish has recently acquired a 20 per cent stake, is the most likely target. However, the UnitedMMA deal suggests that Scottish may have already left it too late to make a move

without facing competition for HTV. Analysts expect Scottish to announce roughly doubled pre-tax profits of £18.5m, and a dividend up 2p to 16p.

Interims: British Biotech, European Leisure, Finelast Group, Linx Printing Group, Raine.

Finals: AECI, Bluebird Toys, BSM Group, Burnfield, CRH, De

THE WEEK AHEAD

Beers Consolidated Mines, Independent Insurance, Inspec Group, Kerry Group, Metal Bulletin, Pacer Systems, Pegasus Group, Pendragon, Scottish TV, Singapore Para Rubber, Transport Development Group, WSP Group.
Annual General Meetings: Kelsey Industries. EGMs: Consolidated Coal.

Economics
UK November-January advance energy statistics. Also, US Jan factory goods orders and durable goods orders.

WEDNESDAY

Companies
BAT's results will benefit from the American Tobacco acquisition. Pre-tax profits are expected to increase to £2.445m from £1.935m, and the dividend to 24p from 21.9p. Prospects

beyond 1996 are better indicated by progress elsewhere. Financial services will benefit from the smoothed unrealised capital gains at Eagle Star.

Cadbury Schweppes is likely to, yet again, deliver the best performance in the forthcoming Food Producers' March results season. Annual pre-tax profits are forecast to rise from £478.8m to £525m, after the £37m Dr Pepper restructuring charge following the latter's acquisition. The dividend should rise from 15.6p to 16.7p.

Interims: None scheduled.
Finals: BWD Securities, Cadbury Schweppes, Candover Investments, Glaxo Wellcome, Ockham Holdings, PTS Group, Stat-Plus Group, Strong & Fisher, T&N, Vickers, Woodchester Investments, Wyvale Garden Centres. AGMs: Coda Group, Dawson Hold-

ings, Royal Bank of Canada.

Economics
UK January housing starts. Also US December/January housing completions and new home sales. US fourth-quarter non-farm productivity.

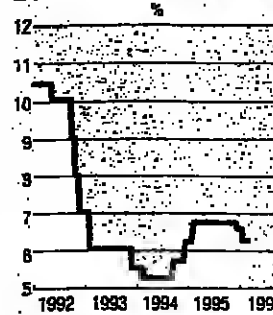
THURSDAY

Companies
Cookson is forecast to enjoy a 21 per cent increase in organic earnings to 17.9p per share. But growth is already priced into the shares and future performance depends upon the pricing outlook in electronics and the durability of the current semiconductor boom - both look questionable. Dividend should rise from 7.0p to 7.8p.

Interims: Conrad, Galliford, A&J Mucklow, Renishaw.
Finals: Arjo Wiggins Appleton, T Clarke, Cookson Group.

Cortworth, Ericsson, Fairway Group, Gibbs & Daody, GKN, Hilldown Holdings, IML, Kode International, Ladbroke Group, Microvitec, Moorepay Group, More O'Ferrall, North Midland Construction, Ocean Group, Rolls-Royce, RTZ, Sun Alliance, Telewest, Virtuality Group.
AGMs: Amer Group, Brooke Tool Engineering, Countrywide Properties, Hawtin, ML Laboratories, Premier Land, Siora.

Base Rate



Economics
A quarter point reduction in base rates to 6 per cent is firmly expected after the monetary meeting between Chancellor Kenneth Clarke and Eddie George, Governor of the Bank of England. The Bank lowered its inflation forecast substantially in its quarterly Inflation Report last month and is unlikely to resist another cut in the cost of borrowing, unless for reasons of timing.

The CBI Distributive Trades Survey gives an early snapshot of the pace of retail sales in February.

Also US weekly jobless claims; January leading economic indicators; January consumer credit; German fourth-quarter GDP.

FRIDAY

Economics
US employment and unemployment rate for February. Analysts expect sizeable bounce back in number of jobs.

Alcoholic Beverages

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Banks, Merchant

Company	Price	Change	YTD	PE Code
Barclays	12.50	0.00	0.00	0.00
Bank of Scotland	12.50	0.00	0.00	0.00
Bank of Ireland	12.50	0.00	0.00	0.00
Bank of Montreal	12.50	0.00	0.00	0.00
Bank of New York	12.50	0.00	0.00	0.00
Bank of Paris	12.50	0.00	0.00	0.00
Bank of Spain	12.50	0.00	0.00	0.00
Bank of Tokyo	12.50	0.00	0.00	0.00
Bank of West	12.50	0.00	0.00	0.00
Bank of America	12.50	0.00	0.00	0.00
Bank of Canada	12.50	0.00	0.00	0.00
Bank of China	12.50	0.00	0.00	0.00
Bank of India	12.50	0.00	0.00	0.00
Bank of Japan	12.50	0.00	0.00	0.00
Bank of Korea	12.50	0.00	0.00	0.00
Bank of Malaysia	12.50	0.00	0.00	0.00
Bank of Mexico	12.50	0.00	0.00	0.00
Bank of Netherlands	12.50	0.00	0.00	0.00
Bank of Norway	12.50	0.00	0.00	0.00
Bank of Portugal	12.50	0.00	0.00	0.00
Bank of Russia	12.50	0.00	0.00	0.00
Bank of Singapore	12.50	0.00	0.00	0.00
Bank of South Africa	12.50	0.00	0.00	0.00
Bank of Sweden	12.50	0.00	0.00	0.00
Bank of Switzerland	12.50	0.00	0.00	0.00
Bank of Taiwan	12.50	0.00	0.00	0.00
Bank of Thailand	12.50	0.00	0.00	0.00
Bank of United Kingdom	12.50	0.00	0.00	0.00
Bank of Vietnam	12.50	0.00	0.00	0.00
Bank of Wales	12.50	0.00	0.00	0.00
Bank of Yugoslavia	12.50	0.00	0.00	0.00

Banks, Retail

Company	Price	Change	YTD	PE Code
Bank of Scotland	12.50	0.00	0.00	0.00
Bank of Ireland	12.50	0.00	0.00	0.00
Bank of Montreal	12.50	0.00	0.00	0.00
Bank of New York	12.50	0.00	0.00	0.00
Bank of Paris	12.50	0.00	0.00	0.00
Bank of Spain	12.50	0.00	0.00	0.00
Bank of Tokyo	12.50	0.00	0.00	0.00
Bank of West	12.50	0.00	0.00	0.00
Bank of America	12.50	0.00	0.00	0.00
Bank of Canada	12.50	0.00	0.00	0.00
Bank of China	12.50	0.00	0.00	0.00
Bank of India	12.50	0.00	0.00	0.00
Bank of Japan	12.50	0.00	0.00	0.00
Bank of Korea	12.50	0.00	0.00	0.00
Bank of Malaysia	12.50	0.00	0.00	0.00
Bank of Mexico	12.50	0.00	0.00	0.00
Bank of Netherlands	12.50	0.00	0.00	0.00
Bank of Norway	12.50	0.00	0.00	0.00
Bank of Portugal	12.50	0.00	0.00	0.00
Bank of Russia	12.50	0.00	0.00	0.00
Bank of Singapore	12.50	0.00	0.00	0.00
Bank of South Africa	12.50	0.00	0.00	0.00
Bank of Sweden	12.50	0.00	0.00	0.00
Bank of Switzerland	12.50	0.00	0.00	0.00
Bank of Taiwan	12.50	0.00	0.00	0.00
Bank of Thailand	12.50	0.00	0.00	0.00
Bank of United Kingdom	12.50	0.00	0.00	0.00
Bank of Vietnam	12.50	0.00	0.00	0.00
Bank of Wales	12.50	0.00	0.00	0.00
Bank of Yugoslavia	12.50	0.00	0.00	0.00

Breweries, Pub & Rest

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Diversified Industrials

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Engineering Vehicles

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Extractive Industries

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Electricity

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Building/Construction

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00
Tate & Lyle	12.50	0.00	0.00	0.00
Thames Valley	12.50	0.00	0.00	0.00
United Breweries	12.50	0.00	0.00	0.00
Wm. & A. R. Young	12.50	0.00	0.00	0.00

Food Manufacturers

Company	Price	Change	YTD	PE Code
Adnams	12.50	0.00	0.00	0.00
Beck's	12.50	0.00	0.00	0.00
Carlsberg	12.50	0.00	0.00	0.00
Heineken	12.50	0.00	0.00	0.00
Interbrew	12.50	0.00	0.00	0.00
King	12.50	0.00	0.00	0.00
Miller	12.50	0.00	0.00	0.00
Orkla	12.50	0.00	0.00	0.00
Reckitt Benckiser	12.50	0.00	0.00	0.00
Stout	12.50	0.00	0.00	0.00

NatWest looks to the future with an Orange credit card

DIANE COYLE
and MARY FAGAN

Orange, the mobile telephone company, and NatWest are planning a joint credit card venture. An Orange-branded Visa card, administered by NatWest, could be launched later this year.

A letter of intent has already been signed for the venture, which would offer Orange

marketing access to NatWest's existing six million credit card holders as well as allowing the mobile operator to offer an additional service to its customers. NatWest would gain in return access to Orange's 450,000 subscribers and the benefit of its strong brand image on the card.

The move follows the announcement last November of a joint venture between Cellnet and Barclaycard. Cellnet

subscribers can get basic financial services over the airwaves, and the system will evolve to give access to more sophisticated services through a menu on the mobile handset.

The huge success of Orange's assault on the mobile phone market since its launch in April 1994 has prompted the two dominant operators, Cellnet and Vodafone, to retaliate with what appears to be the begin-

ning of a price war. Competition on the sophistication and quality of service is also fierce.

The new Orange credit card – described by one of those involved as “a very interesting idea” – will offer an attractive interest rate. Competition in the credit card market increased recently with the launch of new, relatively low-interest cards by RBS Advanta – a joint venture between Royal Bank of Scotland

and US-based financial service company Advanta – last month. NatWest is one of Britain's biggest card issuers, along with Barclays, the market leader, TSB and Midland. Low-interest card issuers such as the Co-op, RBS and Halifax have a small market share.

Orange plans to float on the stock market later this month and has already registered almost 60,000 people as potential in-

vestors. The listing is expected to value the company, owned by the Hong Kong conglomerate Hutchison Whampoa and British Aerospace, at £2.2-£2.4bn.

Orange has launched a £5m advertising campaign ahead of the flotation, and has spent about £14m a year on advertising and marketing since its launch in early 1994. It has firmly established its name in a market originally dominated

by Vodafone and Cellnet, running neck-and-neck with Mercury's One-2-One service. Orange says it is capturing nearly a third of all new subscribers to mobile telephony and 38 per cent of all new customers on digital networks, where the future of the industry lies.

Analysts reckon that Orange will move into profit in 1997, and that it could have a quarter of the mobile-phone market

by the end of this decade. The company holds much of the credit for taking mobile phones out of their yuppie niche into the mass market. It is likely to start making a bigger impact in the business market, in which Vodafone and Cellnet still figure strongly, as a recently announced deal with a German network will allow Orange users to use their telephones elsewhere in Europe.

Labour may crack down on utility takeovers

MARY FAGAN
Industrial Correspondent

A Labour Government would consider demanding separate listings on the London Stock Exchange for all UK water and electricity firms which are foreign-owned or are subject to takeovers and mergers. The Labour Party's proposal is driven by fears that consumers would suffer if privatised utilities that are absorbed into larger groups prove difficult to regulate.

The issue will be raised this week by Richard Caborn, shadow minister for competitiveness and regulation, at meetings

prospect of enforced separate listings would act as a strong disincentive for predators scouring the UK for potential targets.

The electricity sector has seen a spate of takeovers and mergers. Eastern Electricity, one of the largest regional firms, was absorbed into Hanson and South Western Electricity was taken over by Southern Electric International of the US. There is speculation that Yorkshire Electricity will be the next to go.

Ian Byatt, the water industry regulator, has already warned that he wants separate listings for companies that fall subject to takeovers or mergers. The Government bowed to his advice in the recent takeover of Northumbrian Water by Lyonnaise des Eaux de France, demanding that the French group list all its UK water interests separately on the Stock Exchange by 2005.

However, Mr Caborn is thought to be concerned about the electricity industry, where the watchdog, Professor Stephen Littlechild, has chosen not to go down that route. It could also become a contentious issue if, as some expect, British Gas decides to back out of public gas supply by selling off operations in different parts of the country.

Mr Caborn is worried that foreign-owned companies will exploit weaknesses in the UK regulatory system by consolidating accounts and cross-subsidising other parts of their group from the profitable utilities businesses which serve the public.

Apart from continuing speculation over Yorkshire Electricity, the industry is also awaiting the outcome of inquiries by the Monopolies and Mergers Commission into the proposed £2.5bn takeover by National Power of Southern Electric and PowerGen's desire to buy Midlands Electricity for £1.9bn.



Whistle-blower: Richard Caborn plans to warn Europe

with the European Commission and Parliament. He will also push the idea of a European Union regulators' forum to promote common standards and a level playing field.

Mr Caborn will warn that the rest of Europe must not follow Britain's “laissez-faire” and “inadequate” approach to regulation with the opening up of their national energy and water markets. He is to consult with the Commission on the legal and technical problems of ring-fencing utilities owned by large US and European conglomerates. City analysts believe that the

Branson's pop-rock-talk format set for expansion on European airwaves



Running for new audiences: Virgin operates two UK radio licences and is believed to be in talks with Continental partners

Virgin moves into Irish radio

MATHEW HORSMAN
Media Editor

Richard Branson's Virgin Group is poised to launch its soft rock commercial radio format in Dublin, following a preliminary agreement to invest in FM104, the Irish radio station.

The move marks the further development of Virgin's media expansion plans, in the wake of its failure to win the Channel 5 licence.

The radio deal, to be announced this week, will see Virgin take a 27 per cent stake in the privately held station, and assume management responsibilities. The station will be re-branded as Virgin.

Mr Branson's company currently operates two radio licences in the UK, and is looking at expanding on the Continent. It is believed to be in early

talks with joint venture partners in Spain, France, Italy and Germany, with the aim of extending the successful pop-rock-talk mix beyond Britain.

The radio push is part of a broader expansion into media, including CD-Rom publishing, television and books. Chief strategist for Virgin Communications, the media arm of the airline-to-cola conglomerate, is Robert Devereux, Mr Branson's brother-in-law, who is known within the company as a deal-maker rather than an operations man. On the TV side, he is now in preliminary talks with other broadcasters about the prospects for developing a branded Virgin TV channel on cable or satellite.

It is understood that informal discussions have taken place between Virgin and BSkyB, the

satellite broadcaster owned 40 per cent by Rupert Murdoch. Sky is currently conducting a review of its multi-channel package, consisting of 23 themed channels such as Sky Sports, Playboy and Sky Movies, and is believed to be looking for additional products.

Virgin is also in talks with Reed-Elsevier, the Anglo-Dutch publishing giant, over the purchase of Reed Consumer Books, being sold as part of Reed's strategic shift toward electronic and professional publishing. Virgin is believed to be one of two companies still in the running for the range of book publishing imprints, including Secker & Warburg and Methuen, which could fetch between £80m and £100m. The other bidder is Electra, the venture capital group.

Mr Devereux's latest acquisition, the 120-strong MGM cinema chain for which it paid £190m last year, is now being redeveloped and rebranded. The company intends to sell the bulk of the single-screen MGM sites, perhaps as many as 80, in order to concentrate on the higher-margin multiplex end of the market. It is in talks with CinVen, the venture capital group, and a deal priced at about £70m could be reached soon.

The proceeds would accelerate plans to open new multiplexes across the UK. A Virgin Cinema has now been opened in Dublin, and there are plans to open a greenfield property in Rochester, Kent, this summer, incorporating a cinema, restaurant and games centre. A cinema is also part of plans to redevelop the King's Cross, London, site near the proposed Channel Tunnel link rail station.

One analyst, however, described such speculation as “complete rubbish”. None of the names put forward were prepared to confirm that they were definitely interested, still less that they had been involved in any preliminary talks. A spokesman for Kvaerner denied that Cunard had become a stumbling block but admitted that it “did not fit with Kvaerner's core strategy”.

Kvaerner near to agreed bid for Trafalgar

JOHN WILLCOCK

Kvaerner, the Norwegian shipping and engineering group, is close to making an agreed bid for Trafalgar House, the loss-making company, after bid talks made progress over the weekend.

Sources close to Trafalgar insisted yesterday it would agree to nothing less than a bid for the whole company. Kvaerner stressed that it was at no time under pressure to come up with a formal offer.

While neither side was prepared to say anything, City observers assumed the bid would be around the 50p-55p level, valuing Trafalgar at around £900m.

Weekend press reports dwelt on Kvaerner's reluctance to take over Trafalgar's non engineering operations, particularly the loss-making Cunard cruise-shipping line. Cunard may not, however, be the stumbling block that some analysts have suggested, according to sources yesterday.

Potential buyers for Cunard suggested by City sources over the weekend included P&O, Disney, the American entertainment giant, and shipping companies Carnival and Royal Caribbean.

One analyst, however, described such speculation as “complete rubbish”. None of the names put forward were prepared to confirm that they were definitely interested, still less that they had been involved in any preliminary talks. A spokesman for Kvaerner denied that Cunard had become a stumbling block but admitted that it “did not fit with Kvaerner's core strategy”.

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Cunard lost £134m last year out of a total loss for Trafalgar of £321m. Its fleet is seen as under-invested and out of date, with last year's humiliating QE2 fiasco still fresh in people's minds.

Both companies' merchant-bank advisers continued intensive talks over the weekend – Brian Keelan of SBC Warburg for Kvaerner and John Reynolds of Schroders for Trafalgar.

It is understood that Kvaerner has been in close talks with HongKong Land, the Kowloon-owned company which holds a key 26 per cent in Trafalgar.

According to one source, the UK company is prepared to consider “nothing but a bid for the company. It is not in the interests of Trafalgar's shareholders for the company to be cherry-picked in any way whatever”.

A spokesman for Kvaerner said that it was “still working on whether to go ahead with a bid”. He stressed that there was no time pressure on Kvaerner to come up with an offer. “No one else is going to march in and buy this,” he said.

A spokesman for P&O said that while the company's chairman, Lord Sterling, had said last week that it “would be prepared to look at it [Cunard], at a price”, this should not be interpreted to mean it was ready to make an offer.

“We haven't been approached by anyone. We would have to look pretty carefully at the price. But we wouldn't dismiss it out of hand. If we did make a bid we would have to increase Cunard's market share and cut costs.”

IN BRIEF

BT complains over Spanish group

British Telecom has lodged a complaint with Spain's competition authorities about Spanish telecoms operator Telefonica. The complaint concerns anti-competitive practices in Telefonica's dealings with BT's and Banco Santander's joint venture in Spain. BT has not been given a date for the hearing. The complaint follows the breakdown of talks with Telefonica.

Samsung helps win Fokker reprieve

Dutch Prime Minister Wim Kok said yesterday that several companies, including South Korean conglomerate Samsung, were still interested in acquiring the loss-making Dutch aircraft-maker Fokker. The Dutch government on Friday approved a two-week extension to bridging credits for the beleaguered plane-maker. Fokker has depended on the state-cash injection since its majority shareholder Daimler Benz cut off support on 22 January.

Bank loan may keep Vulkan afloat

Germany's Bayerische Vereinsbank confirmed that it is considering providing a substantial loan for ailing shipbuilder Bremer Vulkan, which has applied for protection from creditors after disclosing a DM1bn loss for 1995. Vereinsbank is seeking a guarantee that Vulkan workers will not receive compensation payments in the case of bankruptcy as an additional security for its credit. Last week, Vulkan's creditor banks pledged to grant almost DM100m in fresh credit to keep the shipbuilder afloat for the next two months.

SFA fines Lehman Brothers over Maxwell

American investment bank Lehman Brothers has been censured and fined by the Securities and Futures Authority, the industry regulator. Reports at the weekend suggested the fine, over the bank's dealings with the private companies of the late Robert Maxwell, was up to £100,000 – a lower figure than fines levied on Goldman Sachs and fund manager Invesco in 1993 over their dealings with Robert Maxwell.

Supermarket price rise predicted

Supermarket food prices will rise 4 per cent this year, the Centre for Economics and Business Research predicts in a report published today. The consultancy says heavy price discounting has cut net profit margins by an average of 13 per cent during the past three years. The discounts generated no identifiable change in total sales, the research found. Volumes did not rise enough to recoup the revenue lost from lower prices. Other marketing efforts, such as advertising, were far more likely to boost sales.

Liffe enjoys a leap in February trades

Liffe, London's financial futures exchange, had its busiest month ever in February. It traded a record 18.04 million contracts, 53 per cent higher than the same month last year. Average daily turnover was a record £210bn. The previous peak was 17.83 million in February 1994, during the bond market crash. Trading volumes in 1996 so far are 42 per cent ahead of last year.

ShareLink condemns ‘hybrid’ market

A proposed hybrid UK stock market, combining order- and quote-driven systems, would be unworkable or expensive, retail broker ShareLink said yesterday. Its chief executive, David Jones, said the existing quote-driven system was undermining the City's status.

Mortgage war set for further escalation

DIANE COYLE
Economics Correspondent

The mortgage price war is poised to intensify this week if the Chancellor, Kenneth Clarke, lives up to expectations by cutting a quarter point off base rates after his meeting with the Governor of the Bank of England on Thursday.

However, many of the big lenders are expected to offer selective mortgage discounts rather than reducing their basic variable rate.

Banks and building societies that are planning a stock market listing are reluctant to compete head-on with Nationwide's recent cut in its mortgage rate to 6.99 per cent, announced to demonstrate to its members

the benefits of remaining a mutual society.

A spokeswoman for Alliance & Leicester, which announced its plans to convert and join the stock market early last month, said: “The mortgage market is so competitive that the standard rate is only one part of a marketing strategy.” Alliance would review its strategy if base rates fell this week, she said, adding that the interests of savers had to be taken into account as well.

Smaller mutual societies such as Skipton and Bradford & Bingley have already welcomed Nationwide's move and are expected to announce new measures shortly, even if base rates do not fall this week.

However, most analysts in the City firmly expect the Chan-

cellor to shave rates by another quarter point, taking them to 6 per cent, following earlier reductions in December and January.

Manufacturing industry is stagnating according to recent evidence, while the economy's pace of growth has slowed to well below its long-run trend.

The Bank of England is not expected to resist a reduction in borrowing costs. Last month it lowered its inflation forecast, and said the Government was more likely than not to hit its inflation target.

Official figures for the narrow money measure M0, due today, and unexpected turbulence in the financial markets present the main potential obstacles to lower borrowing costs.

Australian election could put Black in front in Fairfax race

MATHEW HORSMAN

Labour's weekend defeat in the Australian election will give a boost to the Telegraph group, which has been locked in a high-stakes battle with media barons Kerry Packer and Rupert Murdoch over control of Fairfax, the Sydney-based newspaper company.

The Telegraph, whose chairman and majority owner is Conrad Black, the Canadian press baron, has been lobbying fiercely to be allowed to raise its stake in Fairfax to above 15 per cent, but has been stymied by strict ownership rules.

According to Telegraph insiders, the victory of the Liberal Party in elections on Saturday is likely to lead to a relaxation of the limits, allowing the Tele-

graph, publishers of the *Daily Telegraph* and the *Sunday Telegraph*, to build up its stake.

Leading the company's campaign for changes to the limits has been Daniel Colson, the vice-chairman and Mr Black's main UK-based lieutenant.

Mr Packer, who owns the Nine television network, has amassed a 15 per cent holding but has been barred from going higher because of media cross-ownership limits. Mr Murdoch has about 5 per cent, but is also barred from going higher than 15 per cent because of his Australian television interests.

Fairfax had pre-tax profits of AS205m (£102) in 1995, on revenues of AS947.9m. Profits in the second half of the year were affected by high newspaper costs and the sluggish economy.

But Telegraph management is convinced the company has a bright future, and aims to win outright control if permitted.

Fairfax is near the end of a three-year AS500m capital investment programme, which will culminate in the opening of a state-of-the-art printing complex in Sydney this year.

The company publishes several high-selling titles, including the *Sydney Morning Herald*, the *Age* and the *Australian Financial Review*. It is also a large regional newspaper publisher.

It is also a player in the country's embryonic pay-TV market, through a joint venture with the Australian Broadcasting Corporation and Cox Communications. Last year, it bought 50 per cent of an independent production company.

STOCK MARKETS									
1995/96 High									
Index	Close	Week's chg	Change (%)	1995/96 High	1995/96 Low	Yield (%)			
FTSE 100	3752.70	+12.4	+0.3	3781.30	2854.20	3.91			
FTSE 250	4236.40	+28.4	+0.7	4236.40	3300.90	3.47			
FTSE 250	1876.00	+7.5	+0.4	1882.10	1482.40	3.82			
FT Small Cap	2058.71	+10.7	+0.5	2058.71	1676.61	3.07			
FT All Share	1952.03	+7.6	+0.4	1952.03	1469.23	3.76			
US S&P 500	5336.56	+93.9	+1.7	5630.49	3882.08	2.12			
Nikkei	20168.33	+131.8	+0.6	21118.30	14485.40	0.77			
Hong Kong	11134.34	+136.5	+1.2	11594.99	6967.93	3.31			
Frankfurt	2501.22	+49.4	+2.0	2501.22	1910.96	1.85			

Source: FT Information

INTEREST RATES									
UK interest rates									
Standard variable rates (0-25 year gilt) (%)									
14 weeks to 14 March 1996									
Money Market Rates									
Bond Yields									
1 Year									
Medium Term (5)									
Long Term (30)									
US interest rates									
Standard variable rates (0-30 year Treasury)									
14 weeks to 14 March 1996									
Money Market Rates									
Bond Yields									
1 Year									
Medium Term (5)									
Long Term (30)									

CURRENCIES

£/\$

£/DM

Pound vs.

	Close	Week's Chg	Yr Ago
\$ (London)	1.5294	-1.20c	1.5645
\$ (NY York)	1.5296	-1.20c	1.5665
DM (London)	2.2358	+2.03p	2.1995
¥ (London)	161.178	49.366	156.09
£ Index	83.6	+0.3	88.5

Dollar vs.

	Close	Week's Chg	Yr Ago
\$ (London)	0.6543	+0.51	0.639
£ (NY York)	0.6542	+0.55	0.638
DM (London)	1.4759	+2.46p	1.55
¥ (London)	105.455	+0.580	98.77
\$ Index	95.6	+0.5	96.1

OTHER INDICATORS

	Close	Week's Chg	Yr Ago	Index	Latest Yr Ago	Mini Yr
Oil Brent \$	17.76	-0.06	16.79	RPI	150.2	+2.9pc/146.0
Gold \$	396.30	+0.00	378.9	GDP	107.1	0.5pc/105.1
Gold £	260.59	+2.02	232.72	Base Rates	—	8.25pc/6.75
						21 Mar
						26 Mar

Chancellor should not snatch at base rate cuts

GAVYN DAVIES

There is a tendency for rate changes to be in reaction not to the future behaviour of inflation but to its behaviour in the recent past. Central banks appear to be driving while looking in the rear view mirror.

At the monthly monetary meeting in January, the Chancellor made a comment which gives a valuable insight into the way his mind may be working on base rate policy. He pointed out to the Governor that he had acted promptly and pre-emptively to raise interest rates when inflation pressures were rising in 1994. This, he said, has earned him the right to act similarly decisively on the way down. With the Bank of England now predicting that inflation will be just below the 2.5 per cent target next year (see graph), the financial markets expect another base rate cut to be announced this week.

The authorities have given a lot of thought lately to the speed of adjustment of monetary policy in response to new economic information. There is a feeling in official circles that the UK, like other countries, has had a tendency to react too slowly to changes in the economic climate, and then to take out interest rate changes for far too long. This pattern of "too little too late" is obviously less than ideal, and it has probably contributed to the instability of the economy in the recent past.

Why do central banks act like this? A superb new study of central bank behaviour by Charles Goodhart at the LSE provides some of the answers. He starts by making a fascinating point, which is quite hard to grasp at first, but becomes more telling the more you think about it. Central banks, he believes, are all trying to do the same thing, no matter how they choose to formulate the precise targets which officially guide them. They are basically trying to stabilise prices

in the period ahead, which translated into the real world means holding the officially measured inflation rate to 2.5 per cent or less a year or more into the future. In other words, they are all actually doing exactly what the Bank of England now claims in public to be doing.

Policy at any given moment should therefore be set such that the forecast for inflation a year or so ahead is 2.5 per cent. If this is the case, then changes in policy should be triggered only by a shock which alters the inflation forecast over the relevant horizon. These shocks should be random if the system for forecasting inflation is efficient - in other words, shocks which raise inflation relative to the target should be just as likely as

shocks in the opposite direction. And here comes the main point. If the shocks are random, then so too should be the policy response - that is, the pattern of base rate changes should itself be random. Therefore, when we come to examine the behaviour of the authorities over time, we should see a series of highly piggyback moves in interest rates which do not follow a neat orderly pattern. A good central bank, on this definition, might be one which raises rates by a point in one month, cuts them by a point and a half the next, and then raises them again a couple of months later.

But instead of this haphazard pattern, which would be optimal, we see precisely the reverse - a series of smallish changes coming at frequent intervals which have a phenomenal tendency to be all in the same direction. When there is a change in base rates in the UK, for example, it is four times as likely to be in the same direction as the last change as it is to be in the opposite direction. Furthermore, there is a tendency for these changes to be in reaction not to the future behaviour of inflation, but to its behaviour in the recent past. Central banks appear to be driving while looking in the rear view mirror. Their broad rule, according to Goodhart, is that they react to a 1 per cent rise in reported inflation by increasing interest rates by about 0.15 per cent per quarter for four or five successive quarters.

Goodhart suggests that central banks behave like this because they need to be able to point to a worsening in actual reported

data in order to sustain public support for interest rate changes. Forecasts are not enough. And some people have argued that this backward looking behaviour might not be a bad thing - that monetary policy should indeed be based on published data for historic inflation or nominal income. Forecasting has a bad name, and even Eddie George has allowed himself to argue that it is inherently too uncertain for it to be central to the policy process. Therefore why not wait until published information is available, or (in a different formulation of a similar point) why not act only when explicit "lead indicators", such as monetary growth, say you should?

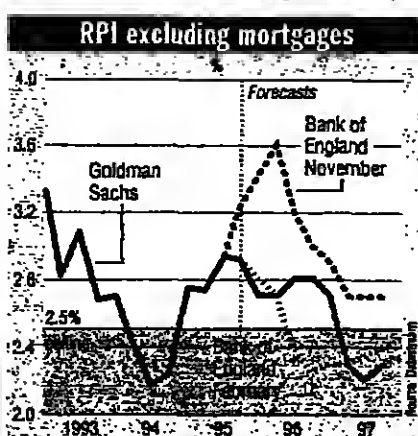
These arguments may seem beguiling, but on close inspection they become totally unconvincing. The fact that forecasting is imperfect does not mean that it is entirely useless. There is a very large gap between a view of the future which is held with perfect certainty, and one which is held with no knowledge whatsoever. Clearly, the present state of economic forecasting comes somewhere in between - it is far from perfect, but it is much better than saying you know nothing at all about the future. Since everyone would agree that monetary policy affects inflation only with a lag of about 12-18 months, it cannot make sense to throw away whatever knowledge we can glean about the future when base rate decisions are made.

The present rate of inflation conveys almost no knowledge about the future, so it should be discarded as a policy tool without further thought. And growth in the monetary aggregates scarcely does any better. It

does admittedly convey some information about the future, but many other variables can add to this information, so they should be used as well. To use historic inflation data to guide policy is to tie both the Chancellor's hands behind his back: to use the monetary aggregates is to tie one hand. Only by using all the available information in a coherent forecasting system does the Chancellor have both hands free.

Now back to the question of what the Chancellor should do next. On the argument just outlined, the authorities should be moving over time to act more decisively and earlier in response to changes in the economic climate than they have typically done in the past. This might indicate that base rates should drop by (say) another half point quite quickly. But unfortunately, as the Governor has been arguing, the authorities need to worry about building their credibility over time, as well as about the need to act quickly and decisively.

This means that, for a while at least, they should exhibit a clear tendency to move interest rates more quickly on the way up than on the way down. This is especially the case when the markets doubt whether the Government would be willing to reverse the trend again, should it prove necessary, just before the election. The Governor always looks like a sportsman when he argues this, and he is often accused of being an "inflation nutter". But actually he is quite right - credibility matters. Like virginity, it is easier lost than regained.



The nightmare on Threadneedle street is over but the new head of supervision will not be allowed to forget it. He spoke to John Eisenhower

Picking up the pieces at the Bank

Michael Foot is a lucky man. After all, he could have taken over as the top dog of supervision at the Bank of England this time last year. Instead, he moved gently into the executive director's office on 1 March with the Nightmare on Threadneedle Street now comfortably distant in City memories. "Pretty grim", "very difficult" and "rather fraught" are just some of the ways Mr Foot chooses to remember 1995 at the Bank.

There was Barings of course, a City establishment humiliation of the first order, that shook the Bank of England's supervisory mandarins to the core. Then there was the embarrassing departure of the deputy governor, Rupert Penant-Rea, following exposure of his sexual escapades within the Bank's imposing walls. Last, but certainly not least in terms of the Bank's battered self-esteem, there was the public battle of wits with the Chancellor of the Exchequer over interest rates. Not only was the Bank overruled by the politicians, which happens regularly, but it also lost the intellectual argument, which is not meant to happen. Staff morale was low, as a confidential survey conducted by an outside body showed last August. The Bank was on the wrong end

of regular pastings in the media. The supervision department, where Michael Foot was deputy to Brian Quinn, a wiry Scot with 14 years behind him at the Bank, was particularly targeted. Spectres from the past, Johnson Matthey Bankers and BCCI, rose up to join forces with Barings in public invective against supervisors who seemed to have been asleep at the wheel.

"The public criticism, the sniping, was thoroughly unpleasant, personally offensive - but if you can't take it you shouldn't be in supervision," reminisces the 49-year-old Mr Foot.

"Any connection between the Barings debacle and Mr Quinn's stepping down are purely coincidental, the Bank insists. It let it be understood that Mr Quinn, who is 59, had asked the Bank's court of directors before the Barings collapse not to appoint him for a third term. But it does allow Mr Foot to take over at a time of great potential for change and improvement. For all the Bank's vigorous defence of its supervision record, there is no escaping the fact that the Barings investigations exposed weaknesses that the Bank is now seeking to put right.

The Board of Banking Supervision's report into Barings made a host of recommendations

for change, which boil down to formalising and strengthening the Bank's procedures for identifying those areas of its banking charges' businesses that pose the greatest risk and so require the closest attention. There was too great a reliance previously on individual judgement, as typified by the only senior Bank official dismissed after Barings, Christopher Thompson, who had left a

to deliver their thoughts on establishing a so-called Quality Assurance Mechanism, which most of the big accounting firms use to review management decisions and practice on a continuous basis.

"Arthur Andersen is a management-driven thing. They are here to help us as managers to manage the process. By the time they are finished we will

have a clear framework for supervision and clear statements of our risk priorities."

The Bank has already brought into play some of its new yardsticks. It now concentrates on any part of a banking group it looks after, on a geographical or product basis, that accounts for more than 5 per cent of regulatory capital, more than 5 per cent of group profits, or involves exposure by the bank to any entity within its group of more than 10 per cent of capital.

"Looking back at Barings, the regulatory capital criteria would not have been triggered because everyone thought Barings Futures Singapore was not trading risk. The profits yardstick would

have been triggered at some point in 1993 or early 1994, and had we known of the letters of comfort from Barings bank to the various securities operations within the group, it could have triggered the third yardstick quite early on, as well as the large quantities of cash going out in late '94," Mr Foot says.

Hardly surprisingly, he is unimpressed by those arguing that the Bank should be stripped of its supervisory responsibilities and left to concentrate on monetary policy. He does not even believe that a future Labour government is all that committed to these sort of radical reforms.

"Alastair Darling (Labour's City spokesman) has spoken several times of the fact that the Bank of England has an international reputation, and that one must be careful not to damage the City of London's overall appeal. This certainly falls well short of any commitment to the more radical changes some talk about," says Mr Foot. Pointing to such closer co-operation with the Securities and Futures Authority since

Barings, Mr Foot says a lot can be done without changing the structures. "Shuffling brass plates on the door itself does nothing. It is really only Japan that has a structure bringing securities and banking supervision under one roof, and if you want an example of how bad cooperation can be when under one roof then you need look no further than Tokyo."

Furthermore, he argues, "all other countries that brought supervision under one roof tend to have rather small financial markets, such as the Scandinavians. Is this cause or effect?"

But as he drives forward the changes to the Bank's supervisory machinery, Michael Foot is not trying to forget the dark days of 1995 completely. In true British spirit, Barings brought an element of Dunkirk to Threadneedle Street, he believes. "It brought together a group of people under tremendous pressure. Most of them look back on it as the most interesting, tremendous period of their life. There was an esprit de corps - you found out who can take it, and who cannot."



Sniper's target: The public criticism was unpleasant, says Michael Foot, but officials have to be able to take it

When profits and Wall Street are un-American activities

VIEW FROM NEW YORK

If an award existed for corporate courage, the winner last week would surely have been Du Pont Co for announcing plans to eliminate 1,500 positions in a bid - oh, my - to boost profits. Didn't anyone warn the folks down in Delaware not to mention job cuts and profits in the same breath?

Well, of course someone told them, which made them either brave - or daft. There can hardly be anyone left in America who does not know that companies laying off large numbers of workers have become the favourite punch-bag of candidates on the Republican campaign trail. It used to be that it was Moscow and the Reds that they bashed: now it's AT&T and Goldman Sachs.

Patrick Buchanan started it with his excoriations of big business and Wall Street last month. His pitch was simple and it struck a chord: ordinary working Americans are being sacrificed by chief executive officers who care only about the bottom line. Worse, the more they cut, the higher their own rewards seem to rise and the more stratospheric the performance of Wall Street.

Mr Buchanan spits bile at Goldman Sachs and Chase Manhattan, claiming they were the ultimate beneficiaries of the taxpayer-guaranteed \$50bn bail-out of Mexico by the US government last year. But his favourite target is AT&T.

In this sport, AT&T is hard to miss. Last month, the telecommunications colossus said that as part of its three-way demerger announced last year, it was to cast away 40,000 of its workers, most of them white-collar managers. Then, last week, we learned that the CEO, Robert Allen, saw his pay package swell by several million dollars last year, thanks to a large dollop of share options.

You probably know the joke by now: AT&T stands for Allen and Two Tempers.

Newsweek emblazoned the headline "Corporate Killers" on a recent cover with mugshots of such corporate chiefs as Allen himself, Louis Gerstner of IBM and Albert Dunlap, formerly of Scott Paper. Beneath the faces were the numbers of jobs each had eliminated. Columnists everywhere have mused about an impending backlash in the workforce and the need for a new spirit of corporate responsibility.

There are multiple reasons for the excitement. For one, you have a Republican - and, on social issues, an ultra-conservative one - attacking the constituency that the party has traditionally counted on for money and support. Furthermore, Mr Buchanan has managed to drag in others of his party, including Senator Bob Dole.

And the Buchanan rhetoric

fits well with the widely shared observation that whatever the statistics say about economic recovery - falling rates of unemployment and low inflation - there is still no discernible feeling of good factor among America's voters. Rather, there is a discernible middle-class angst. An estimated 3.1 million lay-offs have been announced since 1989. While wages and benefits rose just 2.8 per cent in 1995, according to US Labor Department figures, corporate profits climbed 22 per cent. The actual purchasing power of workers has remained flat for the last 15 years.

And those who toil for those profits seem to be losing some pabenece. The latest issue of *Business Week* includes the results of a Harris poll that shows, for instance, that 94 per cent felt corporations should be concerned about more than just making money.

However, as far as anyone can

tell, Mr Buchanan is not proposing anything beyond throwing up some wall around America to keep out cheap imports and discourage illegal immigrants. As to how corporations like AT&T might be nicer to their employees, Mr Buchanan has said nothing. The logical conclusion to his tirades would be to encourage a "stakeholder" approach in American industry. How about a Social Charter for the US?

Not likely. Interviewed by *Newsweek*, Mr Dunlap, whose Scott Paper is now part of Kimberly-Clark, had this to say about government intervention: "Politicians don't seem to be getting the message. They pander to the public and polarise people. And they try to tell American industry how to conduct its business. God help us if we pass legislation to make American companies less productive and compromise our global competitiveness." In their hearts, neither Mr Buchanan nor Mr Dole are likely to disagree.

Some Democrats have, however, woken up to this opportunity to take the initiative. Senator Edward Kennedy has called for legislation that would oblige companies to report publicly on the steps taken to protect the welfare of their workers. Two other Democratic senators have tabled bills that would create tax breaks for companies that demonstrated concern for their employees.

And it is just possible that, after 10 years, downsizing in the US may have peaked. In the week of 14-21 February, there were half the number of lay-offs compared with the same week a year ago. But there is another possible explanation: until Du Pont, no other corporation had dared risk replacing AT&T as Mr Buchanan's target.

DAVID USBORNE



Cowboy: Pat Buchanan is not expected to do anything to drive America's blue-chip corporations out of town

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SCIENCE

Chainsaw massacre? Not in Wisconsin

A tribe of Indians has shown logging can be profitable without inflicting losses on the natural environment. Caspar Henderson reports

Just across the Great Smokey Falls, on the Wolf River in northern Wisconsin, lie 250,000 acres of lush and exceptionally beautiful forest consisting of oak, beech, maple, white pine, hemlock and 20 other species. Although this, the Menominee Indian reservation, may sound exotic, anyone who has gone to the Homebase DIY Store in Britain may have bought wood from the banks of the Wolf River (although UK distribution is now handled by Milland Fine Timber in Liphook, Hampshire).

For this forest is a garden rather than a wilderness. The Menominees market timber from their forest around the world. And they do it sustainably. Foresters come from as far as Brazil, Sweden and Malaysia to see the first, and probably the only, commercial timberland in the United States to be certified as a sustainably managed forest.

Menominee is an island of the old boreal (great northern) forest in a sea of rolling farmland - Wisconsin is known as America's Dairyland. The edges of the forest are so sharply defined that satellites use them to focus their lenses. Most of the forest has been logged twice over since the 1800s. Yet it now boasts more high-quality, mature growing timber than when logging began. "It's probably the most successful example of a sustainable resource there is," says Robert Kennedy Junior, an environmental lawyer and son of the presidential candidate who was assassinated.

Two elements have been central to Menominee success: a tribal ethic that emphasises community, continuity and respect for nature, and some of the most advanced scientific forestry practices in the world. "The tribe is part of the forest ecosystem and its survival depends on managing and protecting that ecosystem," says Marshall Pecore, head of forestry operations for Menominee Tribal Enterprises, a corporation jointly owned by the 4,000 or so Menominees.

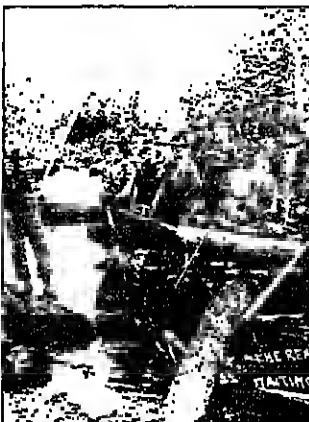
But this simple ideal requires great skill and patience to make it into reality. Pecore and his team conduct a continuous forest inventory on more than 800 plots distributed throughout the forest in order to assess the long-

term effects of growth, disease and cutting on timber volume and quality. Timber harvesting is conducted at a rate no faster than it grows. But this is only part of the story. Modern forestry consists of plantations containing trees of a single species and uniform age. While these can be highly productive in the short term, they support few other plants and animals and are highly susceptible to disease. The Menominees prefer to encourage species that thrive best on certain soils, working with nature rather than imposing a pattern upon it.



As a result there is great diversity in tree species and ages across the reservation. And yet the Menominee reservation yields twice the volume of quality sawn logs as the Nicolet National Forest, an area twice the size, which was clear cut at the end of the last century.

"The Menominees are 50 years ahead of everyone else," says Bob Simeone, a forester with the Wisconsin Department of Natural Resources. "When we're planning, they're thinning. When we're thinning, they're worried about regeneration. In forestry practice no one holds a candle to these people."



The tribe first won the right to exploit timber in the 1890s

In most forestry practice, timber stands are usually harvested and regenerated to maintain existing species composition. But this approach does not account for inappropriate cutting, fire, windthrow or grazing in the past, which can mean that land that is potentially highly productive appears not to be so.

Pecore and his team use habitat classification and geographic information systems to enhance productivity further. The mix on a given site varies according to soil moisture and nutrient levels, and because different tree

"The Menominees' survival depends on managing the forest ecosystem"
— Marshall Pecore, forest manager

species thrive on different sites it is possible to see whether those currently growing on a site are best suited to it.

Drawing together highly detailed pictures of forest habitat types and current timber stands - comprising 15,000 "micro-sites" - the Menominee foresters have found that about a quarter of the forest has low-value species such as aspen, white birch, red maple and scrub oak growing on sites suitable for high-value species such as white pine or sugar maple. They are gradually replanting these.

By the 1850s, European set-

tlers and their diseases had almost exterminated the "wild rice people" - for that is what the name "Menominee" means - leaving the survivors with less than 3 per cent of their original territory.

Hunger for land to farm and timber to build America's cities meant it took just a few decades to clear the great Wisconsin forests, and virtually the whole state had been cleared by the turn of the century. This left the Menominee on an island on some of the richest timber east of the Mississippi. As early as 1854, Chief Oshkosh had counselled his people to generate wealth from the woods without destroying them. But it took nearly 40 years for the tribe to win the right to exploit the timber themselves, and even longer to get permission to have their own sawmill.

In 1890, landmark legislation granted them an "annual allowable cut" of 20 million board feet of timber a year. Soon after, the Menominees were allowed to build their own sawmill. They proved to be master foresters, and a trust fund for timber revenue made the tribe among the richest in the US.

But the relative affluence of the tribe was nearly its undoing. In 1960, a majority voted for termination, ending the tribe's protected status and enabling the division of the fund and the creation of private lots out of reservation land. The forest and the mill were placed in a private corporation. A cowboy era of asset-stripping followed. "This," says Pecore, "was burning your house down to stay warm."

In 1973, after a long and sometimes bitter campaign, the Menominee voted to become the first Native American nation ever to reverse termination, bringing all land back into common ownership. Menominee Tribal Enterprises had to buy back part of the tribe's own land and is still paying off the debts. The tribe learnt at least one lesson about exploitation, and a Menominee casino now profits greatly from the folly of tourists.

But running the forest for profit has not been easy. Timber prices are set by economic trends that are virtually blind to good management, although good management costs



A Menominee logger cuts a tree into lengths

Photographs: Scott Landis

money. And the Menominees, who will sell only whatever species and volumes their forest can sustainably yield, are relatively inflexible in the face of changing demands. Until three years ago, the mill was running at a loss. But uniquely, Menominee timber has been endorsed by both Smartwood and Greencross, America's leading certifiers of sustainably produced timber. This has helped to boost sales in recent years to an increasing number

of discriminating customers. Next month, the Menominee will receive a global endorsement from the Forestry Stewardship Council, founded by WWF together with some of the leading timber retailers who pledge to take all their timber from sustainable sources by the year 2000.

"The operation has shown profits for the past three years," says Larry Wakau, president of Menominee Tribal Enterprises. Last year, the profit was \$2.4m

on turnover of \$12m. The timber harvest remains 20 million board feet as it has been historically every year for more than 100 years.

"We are publicly owned, by the tribe which is sovereign," says Wakau. "Now, if we were a greedy corporation that would be another matter. But we are fully aware of market demands. But a higher rate of return is just too short-sighted. You only have to look at the forest to know what we're doing is right."

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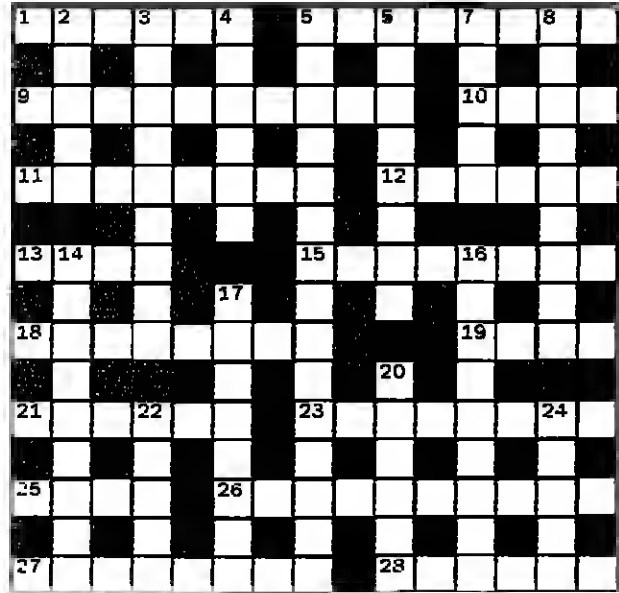
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By Portia



26 So hope it's a kind of perfect example (10)
27 Bating couldn't be worse, finally (2,3,3)
28 Take stock of weight and get in control (6)

DOWN

2 Fear time away is a mistake (5)
3 Oppose points put before meeting (9)
4 Very hot in the motor riding along (6)
5 Christian's state of deep depression? (6,2,7)
6 Remaining soldiers hearing one, double back (8)
7 Many challenge set up in Wales (5)
8 Length of thread required to hold French article (9)
14 Complain afresh about English officer (9)
16 Wildly excited composer going round South American city (9)
17 Entertainment clause I'm negotiating (8)
20 Told of rent raise (6)
22 A great deal occupied by new artist (5)
24 Tempestuous spirit? (5)

ACROSS

1 Failing to go over (6)
5 It's right repairing accidental damage to grating (8)
9 Uncertain of value Arab received (10)
10 Sounds like fly is blood-sucker (4)
11 Plaster's good and sound when exposed inside (8)
12 Benefit by taking clergyman in - it's easy (6)
13 Quarrel blows over (4)
15 Switches from time to time (2,3,3)
18 Global in every respect? (3,5)
19 Lie about money being reduced (4)
21 Sea-food racket ended by Greek character (6)
23 Old pair's out of the way (4,4)
25 Sign covering note placed inside (4)

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